WALTERS NOMINATION

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

THE NOMINATION OF HARRY N. WALTERS TO BE
ADMINISTRATOR OF VETERANS' AFFAIRS

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NOMINATION OF HARRY N. WALTERS TO BE ADMINISTRATOR OF VETERANS' AFFAIRS

WEDNESDAY, DECEMBER 8, 1982

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 3:10 p.m., in room 412, Russell Office Building, Hon. Alan K. Simpson, chairman, presiding.

Present: Chairman Alan K. Simpson and Senators Strom Thurmond, Robert T. Stafford, Jeremiah Denton, Frank H. Murkowski, Alan Cranston, and Jennings Randolph.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman SIMPSON. I do apologize to my colleagues and other interested persons, you right there, for being tardy. We have a defense system going into my State, which is an interesting device. [General laughter.]

I thought that I had enough on my plate with Veterans' Affairs, Immigration, and Nuclear Regulation, but the MX is the biggest thing on the plate. So I apologize.

Today we are going to consider the qualifications of Harry N. Walters as the President's nominee to be Administrator of Veterans' Affairs. We do so for the purpose of fulfilling this committee's responsibility in its confirmation role to inquire as to policy and administrative issues which will confront the next Administrator.

The individual who fills this position at the Veterans' Administration must be ready to accept some rather awesome challenges and responsibilities. At least all previous appointments certainly have. He is charged with the insurance of the continued effectiveness and efficiency of the many important programs that serve the Nation's 30 million veterans.

In doing so, he must oversee the day-to-day operation of an agency of enormous size and complexity, and that is a pretty tough order. The VA now employs more than 220,000 people, and has an annual operating budget of nearly $25 billions. It operates the most comprehensive system of benefits for veterans existing in any nation in the world.

In these times, the Administrator must exercise these responsibilities in an environment of unprecedented Federal deficits, with both the administration and the legislative branch grappling to get those deficits under control.

So, indeed, the Administrator's position is a most difficult one. And one which receives pressure, and immeasurable advice, sometimes even bereft of counsel, from every conceivable source.

I do want to take a moment to thank Bob Nimmo for the job he did as Administrator. And have this in perspective, please. The Nation's veterans can be grateful for his service.

Let us be quite specific. We babble about the bottom line in this place. Observe closely that during a period when almost every single Federal agency was experiencing substantial budget reductions, the VA with Bob Nimmo as its spokesman, fared particularly well—markedly well.

So today, we are here to consider the qualifications of Mr. Walters for this very important position. It is a personal pleasure to welcome you here to this hearing. I have very much enjoyed my visits with you. Mr. Harvey and I have had a free and frank exchange with you. And it is also a pleasure to have your wife, Illa, with you here today.

We have reviewed your qualifications. They are extraordinary. I am certain that my friends, Senator Jepsen from Iowa, and Senator Denton from Alabama, who will be introducing you to the committee will address those in some detail.

In addition, the committee will print excerpts from the background statement which you submitted to us as a part of the record of this hearing. I wish you all of the success possible. You will find that we are in it together. I pledge my personal accessibility and cooperation, and that of the Senate Committee on Veterans' Affairs, and this fine staff, both majority and minority, which I think is one of the top staffs on the Hill on both sides of the aisle, toward meeting the problems and the needs of the veterans who have contributed so much to our Nation.

With that, I would yield to my fine friend, Al Cranston, my predecessor here as chairman, and in many ways my mentor in many of the elements of this task.

Senator CRANSTON. Thank you, Al, Mr. Chairman, very much for those very generous remarks, and for your statement of the responsibilities that we all share together in matters relating to veterans' affairs.

I am delighted to join the chairman and other members of the committee this afternoon in welcoming Harry Walters and others to this hearing on his nomination to be Administrator of Veterans' Affairs. Al, I want to thank you for coordinating closely with me on the timing for this session.

I note that Mr. Walters has a fine record of achievement in business, and has experience in high public office; this being the second time that he has come before the Senate for confirmation.

Thus, his background indicates a capability to undertake major managerial responsibilities, and he will need that capability at the VA. It is a very heavy responsibility, and a very complex one.

It is important for the effectiveness of the VA and the well-being of our Nation's veterans that we proceed promptly, as the chairman is doing, with the consideration of this nomination.

There has been a most regrettable lack of stability in the top-level management of the VA. Today is the 240th day since January 20, 1981, that the VA has been without a fully functioning Administrator—that is, one appointed by the President, and who has not announced his resignation.

Today is also the 461st day during this administration, more than two-thirds of its duration, that there has not been both a fully functioning Administrator and Deputy Administrator at the VA.

With this lack of stability in mind, along with the very high turnover that has occurred in other top management positions in the VA over the past 23 months, it is my hope that we are now beginning a period of strong, effective, and stable VA leadership.

Mr. Walters, in his prepared remarks, very clearly articulates his understanding of the special responsibilities he will have as Administrator to carry out our Nation's commitments to its veterans, and has promised to be an advocate for America's veterans.

I am ready to support the new Administrator in his efforts to perform these tasks. As a new Administrator takes office, he will be faced with a number of very important challenges. I would like to comment on three briefly, that I believe must be the highest priority during the early weeks and months.

Last week, I submitted to Mr. Walters written questions relating to each of these three matters. I will be following up on them this afternoon in the time that is available. First, is the administration's fiscal year 1984 budget now in the final critical stages of development. This is a matter of great importance to all veterans.

I am encouraged by Mr. Walters' stated intentions as reported in the press, and as he responded to a question that I submitted in advance of today's hearing, to represent the VA vigorously in the final budget negotiations.

Second, with respect to the agent orange issue, it is vitally important that the VA move ahead expeditiously—consistent with the rigorous demands necessary to achieve scientific and medical validity—in its efforts to find the badly needed answers to the questions regarding the long-term health effects of exposure to agent orange.

As the Senate author of laws mandating the major agent orange study, and providing special health-care eligibility for those exposed in Vietnam, I believe that the swift transfer of responsibility for the conduct of that study to the Centers for Disease Control must be placed at the top of this priority list, along with efforts to insure that all of the VA's activities relating to agent orange are managed effectively.

Third, I believe that it is also extremely important for the new Administrator to provide strong leadership with respect to the development of automated data processing capabilities in VA medical facilities. The VA's health-care system is years behind the private sector in gaining the benefits of computerization, which can be a marvelous tool in the provision of health-care services.

Unfortunately, as a result of stop-and-go management, and bureaucratic infighting, the VA's efforts in this regard have recently been hampered, and are now virtually paralyzed. These obstacles must be overcome.

I believe that the new Administrator must insure that the controversies are resolved, that a firm, consistent direction is established. and that long overdue progress is made, and made promptly.

Harry, I very much appreciate your efforts in providing answers to my written questions in advance of today's hearings. I realize that you did not have a great deal of time to answer them. And I am grateful to you for the cooperation in responding in a timely fashion.

Let me also note that I appreciate you not wanting to provide firm definitive answers at this point regarding all the issues that I raised. I respect you wanting to have the opportunity to study the issues more thoroughly, and I look forward to receiving your detailed responses in the near future.

In closing, I want to reemphasize my view that repaying the debts we owe to those who gave of themselves in military service is a continuing cost of our Nation's defense, and a fundamental national obligation.

The needs of all veterans, and particularly the needs of those who bear the scars of battle, and those Vietnam veterans who are still facing difficulties of readjusting to civilian life, are needs to which we must bring our special attention and all needed resources.

The challenge is great, the answers will not be easy, but I pledge to do my best, Harry, to work with you as we carry out our mutual responsibilities. And I thank you for what I anticipate we will be able to accomplish together.

Thank you.

Chairman SIMPSON. Thank you, very much, Al.

Now I yield to Senator Thurmond, indeed the senior member of this committee in service, and most helpful to me in my time and tenure as chairman.

Senator Thurmond.

Senator THURMOND. Thank you, Mr. Chairman.

Mr. Chairman, it is a pleasure to be here today to review the qualifications of Mr. Harry N. Walters, the President's nominee to be Administrator of Veterans' Affairs.

As a member of the Armed Services Committee, I reviewed the qualifications of Mr. Walters when he was nominated by the President in 1981 to be Assistant Secretary of the Army for Manpower and Reserve Affairs. I found him to be highly qualified for that position and I believe that he is equally qualified for the position of Administrator of Veterans' Affairs. Mr. Walters will bring to this position valuable management experience which he has gained in the business world and as Assistant Secretary of the Army. This experience will serve him well in running an agency of the size and complexity of the Veterans' Administration.

Mr. Chairman, I support the nomination of Mr. Walters, and urge the committee to act swiftly in reporting his nomination, so that he can be confirmed by the Senate prior to adjournment of the 97th Congress. I believe that it is important that Mr. Walters be confirmed quickly, so that he can devote his attention to the VA's fiscal year 1984 budget, which is now before the Office of Management and Budget for review.

Mr. Walters, I look forward to working with you during your tenure as Administrator, as we seek to insure the continued high quality and quantity of health care benefits which we provide to our Nation's deserving veterans.

I want to say in closing that there is no segment of our population that deserves more consideration than our veterans. Those who offered their lives, especially in time of war, who wore the uniform, served their country honorably and well, bravely, deserve every consideration of a grateful Nation.

I am sure that you will see that our veterans receive that consideration.

Chairman **Simpson**. Thank you, very much, Strom. And I would yield now to my good colleague and a chairman of a committee on which I serve, and who administers that committee with great fairness and patience, Senator Bob Stafford.

Senator **Stafford**. Thank you, very much, Mr. Chairman. I have no opening statement. I join the rest of the committee members in welcoming you, Mr. Walters. We had a chance to discuss some matters of parochial interest to me in my office.

And I will terminate here by saying that I look forward to your testimony after you have been suitably introduced by our two colleagues who are with us.

Chairman **Simpson**. Thank you, very much, Bob.

I will insert in the hearing record at this time a biographical sketch concerning the nominee for Administrator of Veterans' Affairs.

[The biographical sketch of Mr. Walters is as follows:]

HARRY N. WALTERS, ASSISTANT SECRETARY OF THE ARMY (MANPOWER AND RESERVE AFFAIRS)

Harry N. Walters became Assistant Secretary of the Army for Manpower and Reserve Affairs 8 June 1981. He is responsible for the supervision of all Army policy pertaining to manpower and personnel management (military and civilian), mobilization manpower, equal opportunity, quality of life areas, force structure requirements and operational readiness, and management of reserve affairs, to include the Army National Guard and the U.S. Army Reserve.

Mr. Walters was born on July 4, 1936, in Fostoria, Ohio. After graduating from Mariemont High School in Cincinnati, Ohio, he received a B.S. degree from the United States Military Academy, West Point, New York, in 1959. While at West Point, he lettered in basketball and football, receiving All American Honors as fullback on Army's undefeated "Lonely End" football team.

Commissioned in the infantry, Mr. Walters attended, first, the Army Airborne and Ranger Schools at Fort Benning, Georgia, and then served with the 25th Infantry Division in Hawaii, Laos, and Thailand. Mr. Walters completed his active military service in January 1963 but continued in the Army Reserves until 1965, serving as commander of a Special Forces "A" Team.

In civilian life, Mr. Walters was Executive Vice President at the Standard Paper Manufacturing Company, Richmond, Virginia, from 1973 to 1976 and served as a consultant for Howard Paper Mills, Inc., until 1977. He was previously associated with the Plainwell Paper Company, Plainwell, Michigan, as their National Sales and Marketing Manager; Kimberly Clark Corporation in Neenah, Wisconsin, as their Projects Manager for New Business Development; Kimberly Clark Corporation in New York City as their Account Manager for Publication Papers; and Pure Oil Company (Union Oil of California), Miami, Florida, in various sales and marketing assignments.

In 1977, as an industrial entrepreneur, Mr. Walters purchased and became President and Chief Executive Officer of the Potsdam Paper Corporation, Potsdam, New York. The paper mill had been idle in this high unemployment area. The company flourished and brought prosperity and success to hundreds of the mill's employees.

Mr. Walters has completed various marketing and management courses during his career, including Kepner-Tragoe courses, American Management Association courses, and American Marketing Association courses.

Mr. Walters and his wife, Illa, of Pekin, Illinois, have two children, Bradley, 19, and Kelly, 14. They reside in McLean, Virginia.

Chairman **Simpson**. Without objection, I order to be placed at this point in the hearing record a statement relative to the Veterans' Administration and the Office of the Administrator of Veterans' Affairs.

[The statement referred to is as follows:]

VA HISTORY IN BRIEF

WHAT IT IS, WAS, AND DOES

The United States has the most comprehensive system of assistance and care for veterans of any nation in the world.

Executive Order 5398, signed by President Herbert Hoover on July 21, 1930, established the Veterans Administration and brought together under a single agency responsibility for the various veterans programs passed by Congress over the years.

Today the VA is the largest of all independent agencies. The Administrator of Veterans Affairs is appointed by and reports directly to the President. VA is smaller only than the Department of Defense and the Postal Service in number of employees.

COLONIAL DAYS TO WORLD WAR I

Following precedent set by Mother England, the American colonies gave benefits to those injured in military service.

The first colonial law was enacted in 1636 by the Pilgrims of Plymouth while at war with the Pequot Indians. This law provided that "if any man shalbee sent forth as a souldier and shall return maimed, hee shalbee maintained competently by the collonie during his life."

Other colonies followed with similar laws for disabled veterans—Virginia in 1644, Maryland in 1661, New York in 1691 and Rhode Island in 1718.

The Continental Congress was familiar with colonial laws and in 1776 sought to encourage enlistments during the Revolutionary War by providing pensions for men who were disabled. Benefits were paid to veterans of the American Revolution and their dependents until 1911.

The first U.S. Congress (in 1789) passed a Federal pension law to be administered by Congress. However, by 1818, the pension load had become so great that Congress transferred the power to place persons on pension rolls to the Secretary of War. The program was administered by the Bureau of Pensions, later (1833) called the Office of Pensions.

In 1849 this office was moved from the War Department to the newly created Department of Interior where it was again called the Bureau of Pensions.

When the Civil War began in 1861, Congress authorized pension benefits for Federal volunteers on the same basis as those already provided for the regular Army, and in 1862 passed the "general law" pension system for those disabled in the line of duty, and for widows and other dependent relatives of those who died on active duty. One remaining Confederate veteran and hundreds of Confederate widows and children were added to VA compensation and pension rolls in July 1958.

It was in his second inaugural address in March 1865 that President Abraham Lincoln called upon Congress and the American people "to care for him who shall have borne the battle, and for his widow, and his orphan." This has become the motto to the VA.

Early veteran legislation placed emphasis on pensions for veterans. Whatever direct medical and hospital care was given to veterans in the early days of the Republic was provided by the individual states and communities.

It was not until 1811 that the first domiciliary and medical facility for veterans was provided by the Federal Government. In that year Congress authorized the U.S. Naval Home in Philadelphia as a "permanent asylum for disabled and decrepit Navy officers, seamen and Marines." Medical care was incidental. The home was first occupied in 1833. Some 30 years later a separate hospital building was authorized. It was designated as the Philadelphia Naval Hospital and had a capacity of 130 beds.

A Federal home for disabled and invalid soldiers, the U.S. Soldiers' Home (as distinguished from the Philadelphia home for naval veterans), was authorized by Congress in 1851 and is still in operation in Washington, D.C., as the U.S. Soldiers' and Airmen's Home.

The Sanitary Commission, appointed by the Secretary of War, was organized in 1861 to study the medical and hospital problems of the Union armies. "Special relief" was found necessary for needy and sick soldiers who had been discharged from the military service because of wounds and disabilities, and for whom Army regulations failed to provide necessary care.

The Sanitary Commission, therefore, provided temporary hospital or domiciliary care in various parts of the country for the soldiers until they were physically able to return to their homes.

At the end of the Civil War, the number of disabled veterans, as well as those unable to cope with the economic struggle of civilian life, became so great as to prompt the Congress to establish in 1865 the National Asylum for Disabled Volunteer Soldiers.

In 1873, the word "home" was substituted for "asylum," and the organization, with its individual homes known as branches, provided domiciliary, hospital and medical care.

In addition to these various "homes" built by the Federal Government, many state homes were established after the Civil War.

Since all of these homes provided domiciliary care, incidental medical and hospital treatment was provided for all injuries and diseases, whether or not of service origin.

In the years that followed, these homes cared for the indigent and disabled veterans of the Civil War, Indian Wars, Spanish-American War, Mexican War and the discharged regular members of the armed forces. All had to have honorable discharges from military service as one of the requirements for admission.

1914 TO 1930

The administration of benefits for veterans was further complicated during and after World War I. With Europe at war, Congress in September 1914 created a Bureau of War Risk Insurance under the jurisdiction of the Treasury Department.

Originally the bureau had nothing to do with veterans benefits but, instead, insured U.S. ships and cargoes against the risks created by mines, submarines and surface warships.

When America entered the war in 1917, Congress established a new system of veterans benefits. Included were programs of disability compensation, insurance for servicemen and veterans, a family allotment program for servicemen, and vocational rehabilitation for the disabled. All but the latter were administered by the Bureau of War Risk Insurance.

Another agency, the Public Health Service, also entered the picture and provided physical examinations to veterans applying for compensation and vocational training, as well as for medical and hospital care.

This split responsibility proved unwieldy. The problem became so serious that a Presidential study commission recommended consolidation of the powers, functions and duties of the independent agencies which administered veterans benefits, including some phases of medical care.

Congress responded in 1921 by establishing the United States Veterans' Bureau which took over the functions of the Bureau of War Risk Insurance and the responsibility for vocational education and functions of the Public Health Service that had to do with physical examination and care and treatment of veterans. Public Health Service hospitals serving veterans were assigned to the Veterans' Bureau in 1922.

While the reorganization resolved some of the problems, this still left three agencies administering veterans benefits—the Veterans' Bureau, the Bureau of Pensions of the Interior Department and the National Homes for Disabled Volunteer Soldiers.

VA HISTORY SINCE 1930

The establishment of the Veterans Administration[1] came in 1930 when Congress authorized the President to "consolidate and coordinate government activities affecting war veterans." The three component agencies became bureaus within the VA, and Brig. Gen. Frank T. Hines, who had headed the Veterans' Bureau for seven years, was named as the first Administrator of Veterans Affairs, a job he held until 1945.

There were about 4.7 million veterans in 1930. The newly created agency and its comparatively small staff of 31,500 had busy days when Congress increased pensions for Spanish-American War veterans, provided disability allowances for World War I veterans and made more than two million loans under the World War Adjusted Compensation Act.

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[1] Originally it was the Veterans' Administration but the apostrophe is no longer used except in certain legal documents.

Also, in those depression years there was an unprecedented demand for hospital care. As the 54 VA hospitals began to fill, plans were drawn for construction of new facilities.

During World War II, VA made a significant contribution to the nation's military effort. Many of the agency's physicians and dentists were called to active military service, and large numbers of its trained nurses and administrative people also answered their country's call.

The drain on VA's medical personnel became so serious as the war progressed that the President finally was forced to detail Army and Navy officers to fill some of the vacancies in the professional staffs, and to commission many of the remaining VA physicians and dentists as military officers to retain them in the VA hospital system.

The President's act dramatically highlighted the veteran problem while the fighting still was raging. At the end of the war, the problem became of major concern because the nation's population now included 19 million potential veteran-beneficiaries—nearly a fivefold increase in a few years.

A gigantic expansion of VA facilities quickly became necessary not only because of the vast increase in the veteran population, but also because of the large number of new benefits enacted by the Congress for World War II veterans.

The World War II GI Bill, signed into law June 22, 1944, is said to have had more impact on the American way of life than any law since the passage of the Homestead Act more than a century ago.

"No program—no veteran benefit in history—has contributed more to the lifelong welfare of America's veterans, their families, and our country than veterans' education and training programs," the Administrator of Veterans Affairs said on the GI Bill's 30th anniversary.

The impact on the nation can be seen by the fact that the $14.5 billion investment in education over a quarter century ago has been more than paid back, not only in the contributions made by a better educated populace, but by the extra income tax paid by veterans who increased their earning capacity.

Under the original World War II GI Bill, some 7.8 million veterans participated in one or more training programs. Under the bill's loan provisions, the VA has guaranteed about 5.9 million home loans to World War II veterans totaling more than $50.1 billion.

In 1943 Congress enacted legislation which authorized a vocational rehabilitation program for those who incurred service-connected disabilities in active service on or after December 1, 1941, and prior to the termination of hostilities in World War II. The purpose of this program was to restore employability lost because a handicap due to a service-connected disability. Eligibility requirements were liberalized substantially during the ensuing years. From June 1943 through March 1981 approximately 844,000 veterans trained under the VA vocational rehabilitation program.

In 1980, this VA vocational rehabilitation program was expanded to provide for all services and assistance necessary to enable veterans with service-connected disabilities to achieve maximum independence in daily living and, to the maximum extent feasible, to become employable and to obtain and maintain suitable employment.

The man who bore the burden of the tremendous increase in VA activities when 15.6 million new veterans became eligible for benefits was Gen. Omar N. Bradley, who succeeded General Hines as Administrator of Veterans Affairs in 1945. He brought with him to the VA Maj. Gen. Paul R. Hawley (who had been chief surgeon for the European Theatre of Operations) to direct the VA medical program.

Appointment of VA physicians, dentists and nurses was removed from limitations of civil service law. Hospitals were affiliated with medical schools for training of physicians, and to provide for education and research in the agency's medical system. The VA Department of Medicine and Surgery (DM&S) was established in 1946.

In the 1950s, the United States took up arms against Communist aggression in Korea, and Congress responded by passing the Korean Conflict GI Bill. It was signed July 16, 1952.

Almost 2.4 million veterans took education and training under this bill. Also, the VA has guaranteed 1,730,000 home loans to Korean veterans totaling about $26 billion.

It was in 1953 that the Department of Veterans Benefits (DVB) was created to administer the GI Bill and VA's huge compensation and pension program.[2]

The VA insurance program was also made a separate department in 1953, but became part of DVB in 1963.

Today the VA administers approximately $31 billion worth of Government life insurance for about 4.2 million policyholders. It supervises an additional $63.3 billion worth of Servicemen's Group Life Insurance for some 3.1 million servicepersons and active and retired reservists, and $10 billion worth of Veterans' Group Life Insurance for approximately 509,000 separated servicepersons. The VA also supervises about $156 million in mortgage life insurance for 5,923 severely disabled veterans.

The Board of Veterans Appeals, established in 1933, is the final authority whenever the claimant is dissatisfied with a previous determination regarding a claim for benefits. BVA seeks to act in favor of the claimant when it has the power to do so. All reasonable doubt is resolved in the appellant's behalf. Personal hearings will be scheduled upon request. An appellant may be represented, without charge, by an accredited representative of a veterans organization or other service organization recognized by the Administrator of Veterans Affairs. An attorney may be employed to assist in the claim but such services are subject by law to a maximum fee limitation.

Aware of the benefits that flowed from both the World War II and the Korean Conflict GI Bills, Congress passed the Veterans Readjustment Benefits Act in 1966 for veterans with service after January 31, 1955 and before January 1, 1977.

United States forces at that time were engaged in combat operations in Southeast Asia. The vast majority of veterans who participated in this GI Bill served during the Vietnam era between August 5, 1964 and May 7, 1975.

The Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) was initiated for persons entering service on or after January 1, 1977. This is a voluntary contributory program under which the VA matches the serviceperson's contributions on a two-for-one basis. New legislative proposals were made early in 1981.

It was in the late '60s that the VA made a significant change in its earlier philosophy of waiting for the veteran to come in and ask about VA benefits, to a concept of "outreach" whereby the VA actively sought out service members and returning veterans to inform them about VA benefits and to help them take advantage of what was available.

VA representatives visited military personnel in Vietnam, at stateside hospitals and separation centers. They talked to millions of servicemen and helped file benefits applications. U.S. Veterans Assistance Centers were established to give the veteran a central point to obtain information about education, training, home loans and job assistance.

Starting in 1967 the VA installed toll-free telephone service to VA regional offices as an outreach medium. Currently, 950 circuits make it possible for all of the nation's veterans to receive benefits information and assistance for the cost of a local call. More than 15 million calls were received over this system in fiscal year 1980.

Letters and informational material concerning VA-administered benefits programs are mailed to veterans who are eligible to participate in these programs. Mailings go to the veteran following separation from military service and again six months later. Application forms for some benefits, education, home loans and low cost Veterans Group Life Insurance are automatically mailed when eligibility to these programs is indicated.

The VA began to see its efforts bear fruit in the 1970s. By early 1976 the number of persons training under VA educational programs peaked at 1.9 million. The 1980 figure was 624,000.

Since the first GI Bill became effective in 1944, almost 19 million veterans have taken training under some VA program. More than 8 million persons have been trained at the college level.

The GI Bill also made possible more than $184.7 billion in VA-guaranteed home loans for 10.7 million World War II, Korean Conflict, post Korean and Vietnam-era veterans.

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[2] The VA, since 1946, has used the word "compensation" for payments for disabilities or death related to military service; "person" is paid on the basis of financial need for totally disabled veterans or certain survivors for disabilities or death not related to military service.

Veterans have repaid more than half of the loans; fewer than four out of every 1,000 veterans defaulted.

Over the past four decades, VA also has approved more than 17,360 grants totalling nearly $251 million under the Specially Adapted Housing Program. Such grants provide certain eligible veterans financial assistance with the acquisition, construction, or remodeling of homes adapted with special features suited to their individual needs.

In the 1970s the VA was given expanded authority to guarantee loans for purchase of condominiums, mobile homes and mobile-home lots.

Home improvement loans for installation of a solar heating and/or cooling system or other weatherization improvements also became eligible for VA guaranty in the 1970s.

About 2.3 million veterans are receiving monthly compensation checks for service-connected disabilities. Another 900,000 veterans are on VA pension rolls. Among 1.8 million eligible dependents receiving assistance in fiscal year 1981 were about 225 dependents of deceased veterans of the Civil War and the Indian Wars.

The National Cemetery System, except for Arlington National Cemetery, was transferred to the VA from the Department of the Army in 1973. VA's Department of Memorial Affairs, created in 1978, administers the National Cemetery System comprising 109 national cemeteries. Burial in a national cemetery with available grave space is open to all veterans discharged under conditions other than dishonorable, as well as to eligible dependents of veterans. Also, a Government headstone or marker is furnished to mark the graves of veterans and their dependents interred in national cemeteries and, upon request, to mark the graves of veterans interred in private cemeteries. In addition, financial assistance is available to states for the establishment, expansion, or improvement of state veterans cemeteries.

VA's immense operations were benefited significantly by the development of the computer age.

One computer center at Austin, Tex., sends special letters to persons leaving service, processes paychecks for VA's approximately 200,000 full-time and 30,000 part-time employees, and services about 160,000 portfolio accounts involving the billing and accounting for about $325 million collections annually. This computer center also maintains the Beneficiary Identification and Records Locator Subsystem (BIRLS), the VA's automated master index including names of more than 34 million veterans and beneficiaries who have claims, insurance policies, or potential eligibility to VA benefits.

The Philadelphia computer center provides nationwide processing for five life insurance programs for service members and veterans.

Computer technology also is used in claims processing and award-making activities at the regional offices. VA computer centers at Los Angeles, Philadelphia and Hines, Ill., handle the claims information.

Regional office staffs handle, store and retrieve claims file data from a computer file and exchange this data through communications with other files containing original source data or master record information. The computer network also includes connections with BIRLS at the Austin computer center.

VA's computer centers across the nation provide a faster and more efficient means for processing the large volume of records and statistics in support of the agency's diverse activities.

The VA operates 172 medical centers and 226 outpatient clinics. There is at least one medical center in each state (except Hawaii and Alaska, where VA provides hospital beds on a contract basis), and one each in Washington, D.C., and Puerto Rico. Replacement hospitals are in planning, design or construction stages in Richmond, Va.; Bay Pines, Fla.; Martinsburg, W. Va.; Portland, Oreg.; Seattle, Wash.; Minneapolis, Minn.; and Little Rock and North Little Rock, Ark.

Quality care in VA medical facilities is assured by continual monitoring by more than a dozen internal and independent review groups, including the Joint Commission on Accreditation of Hospitals. Accreditation by this organization—the most prestigious "seal of approval" available to any hospital in America—has been awarded to every VA medical center.

Veterans with injuries or illnesses incurred or aggravated in service receive top priority for admission to VA hospitals. Second priority is given to veterans with service-connected disabilities who need treatment for ailments not connected with their military service. Veterans with non-service-connected conditions may be admitted when beds are available if financially unable to pay for hospitalization elsewhere. The "ability to pay" requirement does not apply to veterans who are 65 years of age or older, are in receipt of VA pension or hold the Medal of Honor.

VA hospitals treated 1.25 million inpatients during fiscal year 1980. Their average daily patient census was about 68,100, which included about 14 percent Vietnam-era veterans.

Reflecting modern health programs' heavy dependence on ambulatory care, eligible veterans have made an estimated 15.8 million visits to VA outpatient clinics during fiscal year 1980. This service is available for any service-connected disability.

Veterans who are 50 percent or more disabled from a service-related cause, World War I veterans and those who fought in the Spanish-American War or Mexican Border Period, and veterans who receive certain payments in addition to their VA pension are all eligible for outpatient care for any disability (other than dental). VA ambulatory care is otherwise available for veterans with nonservice-connected disabilities only when it will obviate the need for hospitalization.

The VA hospital system is the largest in the Nation. Veterans make up 39 percent of the Nation's 17-and-over male population. On an average day the VA system has under its care about 7 percent of the Nation's hospitalized patients.

About 90 percent of VA's employees are associated with medical care. This includes more than 11,200 doctors and 31,500 nurses. In addition, VA employs more than 30,700 licensed practical nurses and nursing assistants, 14,900 food service workers, and thousands of therapists, psychologists, dietitians and other specialists to better serve VA patients. It trains some 100,000 individuals each year in almost all categories of health services, including medical and dental students, nurses, medical and dental residents, psychologists, physician assistants, nurse clinicians, and mental health associates.

Of VA's 172 hospitals, 127 are affiliated with 104 of the Nation's 124 medical schools. All of the VA hospitals and some of the clinics are affiliated with at least one institution of higher learning for training of medical or allied health personnel. About 6,800 VA physicians and 2,000 other VA hospital personnel hold faculty appointments.

Regionalization of the VA health care system into medical districts has improved area health planning, sharing of scarce medical resources and continuation of medical education. VA has been a pioneer in finding cost efficient methods in providing specialized medical services and in keeping health care personnel abreast of advances in their fields.

VA's research program, which earned recognition for advances in treatment of mental illness, hypertension and tuberculosis in the past, gained new worldwide attention in 1977 when two VA scientists, Rosalyn S. Yalow and Andrew V. Schally, were awarded the Nobel Prize in Medicine for their studies of the endocrine system. That same year the prestigious National Academy of Sciences concluded a three-year study by commending VA's biomedical research program.

Such honors reflect the level of high quality work involved in some 5,000 research projects now under way in VA medical centers across the country.

Significant progress has been made in improving rehabilitation for the combat-injured Vietnam veterans, especially in prosthetics for amputees, the spinal cord injured, the blind, and in treatment of brain injury. New techniques for restoring senile persons are being expanded from VA hospitals to non-Federal hospitals and nursing homes.

In addition to the more widely used health care, home loan and education assistance benefits, the VA administers many other benefits. Examples are death benefits; on-the-job training; farm cooperative training; vocational rehabilitation services and assistance; special education assistance to eligible widows and war orphans; and dependency and indemnity compensation for survivors.

AUTHORITY

As a result of the Reorganization Act of July 3, 1930, the Veterans' Administration was established as an independent agency under the President by Executive Order 5398 of July 21, 1930. All functions of concern to veterans were consolidated into it, and all subsequent legislation relating to veterans and their dependents has been administered by the Veterans' Administration.

The provision of Executive Order 5398, July 21, 1930, under which the President nominates and the Senate considers the nominations for Administrator, section 210, title 38, of the United States Code, is as follows:

§ 210. Appointment and general authority of Administrator; Deputy Administrator

(a) The Administrator of Veterans' Affairs is the head of the Veterans' Administration. He is appointed by the President, by and with the advice and consent of the Senate.

* * * * * * *

(d) There shall be in the Veterans' Administration a Deputy Administrator of Veterans' Affairs who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Administrator shall perform such functions as the Administrator shall designate and, unless the President shall designate another officer of the Government, shall be Acting Administrator of Veterans' Affairs during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

* * * * * * *

The provision of public law relating to salaries of the Administrator and Deputy Administrator, sections 5313 and 5314, title 5 of the United States Code, is as follows:

§ 5313. Positions at level II

Level II of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

* * * * * * *

Administrator of Veterans' Affairs.

* * * * * * *

§ 5314. Positions at level III

Level III of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

* * * * * * *

Deputy Administrator of Veterans' Affairs.

* * * * * * *

PURPOSE

The laws administered by the Veterans' Administration include compensation for disability or death; pension for non-service-connected disability or death; dependency and indemnity compensation; vocational rehabilitation; education and training; war orphans educational assistance; guaranty or insurance of home, farm and business loans; direct home loans; United States Government and National Service Life Insurance; Servicemen's Group Life Insurance; hospitalization; domiciliary care; nursing home care; outpatient medical and dental care; prosthetic appliances; special housing—"wheel chair homes"; automobiles or other conveyances for certain disabled veterans; World War I Bonus; a guardianship service to protect incompetent and minor beneficiaries; responsibility for administrator of all National Cemeteries; burial allowance; and flags to drape the caskets of deceased veterans.

Title 38, United States Code, "Veterans' Benefits," is a codification of all laws in the field of veterans affairs and under the jurisdiction of the Veterans' Administration except the insurance section of the Soldiers and Sailors Civil Relief Act which is published in title 50, United States Code.

ORGANIZATION

The Veterans' Administration is organizationally divided into a Central Office, regional offices, hospitals, centers; domiciliaries, outpatient clinics, VA offices, supply depots, Forms and Publications Depot, data processing centers, and records processing center.

The Administrator of Veterans' Affairs is responsible for the administration of all laws governing the Veterans' Administration. The Central Office is composed of the Office of the Administrator, staff offices and three departments, heads of which are directly responsible to the Administrator of Veterans' Affairs for the proper performance of all the functions assigned to them. Functional activities in the field offices are responsible to their counterpart in Central Office through their Area Field Director and/or Regional Medical Director.

Chairman SIMPSON. Without objection, I also will place in the hearing record a compilation of former departmental heads in charge of veterans' benefits, dating back to 1819.

[The individuals who have served in the capacity as administrator of veterans' benefits follow:]

War Department's Bureau of Pensions

James L. Edwards, 1819–1882.

War Department, Commissioner of the Pension Office

James L. Edwards, 1833–1849.

Interior Department, Pensions Office

James L. Edwards, 1849–1851.

James E. Heath of Virginia, 1851–1853.

Loren P. Waldo of Connecticut, 1853–1855.

Josiah Minot of New Hampshire, 1855–1857.

George C. Whiting of Virginia, 1857–1863.

Joseph H. Barrett of Vermont, 1863–1869.

Harry Van Aernam of New York, 1869–1870.

J. H. Baker of Ohio, 1871–1875.

H. M. Atkinson of Nebraska ($3,000 per year), 1875–1877.

J. A. Bentley of New York ($3,600 per year), 1877–1881. (Pension Office added a Medical Referee, T. B. Hood, M.D., of West Virginia.)

William W. Dudley of Vermont, 1881–1885. (Pension Office added its first women employees, who were clerks and copyists, and added sections for different states and areas of the nation. The office also added a second physician, Dr. Neil F. Graham. In 1883, two Deputy Commissioners and a law clerk were added and Dr. Graham was made Assistant Medical Referee.)

John C. Black of Mississippi, 1885–1889. (The two deputies became First Deputy Commissioner and Second Deputy Commissioner.)

James Tanner of New York, 1889–1891.

Green B. Raum of Illinois, 1891–1893. (The Interior Department added a Board of Pension Appeals. The Pension Office established Pension Agencies in major cities across the nation, with a Pension Agent for each, and added qualified surgeons to its staff in Washington, D.C.)

William Lochren of Minnesota ($5,000 per year), 1893–1897. (The Pension Office added Special Examination in its field locations.)

Henry Clay Evans of Pennsylvania, 1897–1903. (In 1897, the Office of the Secretary of Interior added a Division of Pension Affairs.)

Eugene F. Ware of Connecticut, 1903–1905.

Vespasian Warner of Illinois, 1905–1911.

James L. Davenport, 1911–1913.

Gaylord M. Saltzgaber, 1913–1921.

Washington Gardner, 1921–1925.

Winfield Scott of Oklahoma, 1925–1928.

Earl D. Church, 1929–1930. (In 1930, the Pension Office was incorporated into the Veterans' Administration as its Bureau of Pensions. The Acting Commissioner of the Bureau of Pensions was Edward W. Morgan.)

Bureau of War Risk Insurance

William C. DeLanoy, Sept. 1914–Oct. 1918.

Col. Henry D. Lindsley, Dec. 1918–May 1919.

Richard Gilder Cholmeley-Jones, May 1919–Apr. 1921.

Col. Charles R. Forbes, Apr. 1921–Aug. 1921.

VETERANS' BUREAU

Col. Charles R. Forbes, Aug. 1921–Feb. 1923.
Gen. Frank T. Hines, Mar. 1923–July 1930.

VETERANS' ADMINISTRATION

Gen. Frank T. Hines, July 1930–Aug. 1945.
Gen. Omar N. Bradley, Aug. 1945–Nov. 1947.
Gen. Carl R. Gray, Jan. 1948–June 1953.
Harvey V. Higley, July 1953–Nov. 1957.
Sumner G. Whittier, Dec. 1957–Jan. 1961.
John S. Gleason, Feb. 1961–Jan. 1965.
William J. Driver, Jan. 1965–May 1969.
Donald E. Johnson, June 1969–Aug. 1974.
Richard L. Roudebush, Oct. 1974–Feb. 1977.
Joseph Maxwell Cleland, Mar. 2, 1977–Feb. 25, 1981.
Robert P. Nimmo, July 15, 1981–Dec. 16, 1982.

Chairman SIMPSON. Now for that introduction, I would be very appreciative if you would proceed with that, Senator Jepsen. We would be pleased to have your remarks.

TESTIMONY OF HON. ROGER W. JEPSEN, A U.S. SENATOR FROM THE STATE OF IOWA

Senator JEPSEN. Thank you, Mr. Chairman. I have the honor today of presenting Harry N. Walters, President Reagan's choice for Veterans' Administrator. Over the past 2 years, I have had the opportunity to become acquainted with Harry as we worked together on the Army Manpower issues.

I strongly support his nomination for the Administrator's post. Harry began establishing a winning track record during his days at West Point. Harry was fullback on the last undefeated Army football team. He made All-American.

More importantly, Harry Walters has been a real All-American off the playing field as well. Following his service with the U.S. Army, Harry began an outstanding career in business management. One example of his success stands out.

In 1977, Harry purchased the Potsdam Paper Co. in Potsdam, N.Y., and turned the idle plant into a flourishing, successful company.

Mr. Chairman, we need someone with these management credentials at the head of Veterans' Administration. We need someone who can put the VA on a sound basis, so that the needs of the veterans can be met for generations to come.

We also need someone who will have understanding and compassion for veterans, including the veterans of Vietnam. I know that Harry will display these qualities.

As a final note, Mr. Chairman, I know how important it will be for you to have a veterans' Administrator who is forthright and accessible for counsel. From my experiences of working with Harry on manpower issues, I can say that he will eminently fill that role.

So I respectfully urge the committee to confirm Harry Walters without delay. And I thank you, Mr. Chairman, for allowing me the honor this afternoon of introducing Harry.

Chairman SIMPSON. Thank you, Roger. It is a pleasure and privilege to have you here before the committee.

Now a member, a very fine contributing member of the committee, Senator Denton of Alabama.

TESTIMONY OF HON. JEREMIAH DENTON, A U.S. SENATOR FROM THE STATE OF ALABAMA

Senator DENTON. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, in spite of his having enjoyed a 2–1–1 record against Navy during his football career at West Point, I am honored and delighted to share in the opportunity to introduce to the committee the President's nominee to be Administrator of Veterans' Affairs.

He has served with distinction and effectiveness, as all of you know, in his current capacity as Assistant Secretary of the Army for Manpower and Reserve Affairs. It has been my good fortune to work with Harry in my capacity on the Subcommittee on Manpower and Personnel of the Committee on Armed Services, under the chairmanship of our distinguished colleague, Senator Jepsen, who very coincidentally shares with me the honor of introducing Harry Walters today.

In my work with Mr. Walters, I found him to be a man who really "has it together" in every respect. He is a good man with rare integrity, as well as being a skilled and effective administrator. He is a natural leader, and a man who knows that he must understand the problems before trying to solve them.

And when addressing the solutions, he inspires his subordinates as well as his colleagues to apply themselves to arrive at successful solutions. All of us who are members of this committee know how difficult it is to administer, to operate, the Veterans' Administration effectively, efficiently, and fairly.

I do not think that we could have found another man more qualified to do that than the gentleman whom we are meeting and introducing today. He will make it not only a more effective organization, but also one that truly responds to the real needs and interests of our Nation's veterans.

Meeting those needs and interests is a debt of honor. To regard them as entitlements in the general budgetary sense which we toss around on the floor is an inappropriate perspective, as our chairman knows and has proven along with the other members of this committee.

That is why the chairman could say that Mr. Nimmo, the outgoing Administrator, did not suffer the same kinds of cuts that other agencies did.

In conclusion, I just want to commend Harry Walters to you all from my personal knowledge of him. I appreciate the opportunity to have been able to offer my support for his nomination.

I hope, Mr. Chairman, that this committee and the Senate will act quickly to confirm Mr. Walters so that he may devote himself fully to the challenges that he will face in this key position.

Thank you, sir.

Chairman SIMPSON. Thank you, very much.

We do appreciate both of you being here, and presenting our designee as Administrator of Veterans' Affairs.

Jennings Randolph, did you have a statement that you might wish to make?

Senator **Randolph**. A very brief statement, Mr. Chairman, if it is in agreement with you.

Chairman **Simpson**. It is perfectly appropriate with me.

Senator **Randolph**. Mr. Chairman, members of this important committee meet today to counsel with you on the citizen selected by the President of the United States to become the 12th Administrator of our Federal Government's largest independent agency, the Veterans' Administration.

For over 52 years, the Veterans' Administration has administered to the needs of the men and the women who have served the Armed Forces of this Republic. I consider, as do my colleagues, this to be an important session today, because we concern ourselves with a nomination of the President.

The Administrator of the VA is responsible for programs that affect the over-30-million veterans and their survivors and dependents.

This Administrator also heads the largest health-care system in the Nation. Now I am sure that our chairman, who is able and cooperative with us, will permit me to say that I have met with Mr. Walters, and I have reviewed his background and experience not only with interest, but also desiring to know exactly how he feels on certain concerns that we mutually hold.

I am particularly interested in his being a West Point graduate. Phil McGance, administrative assistant in our office, a native of West Virginia—Harrison County, in which I was born, and was also the home county of Stonewall Jackson, if you do not mind my saying that.

Not that he was a Southern general or a Northern general. But, Mr. Chairman, Stonewall Jackson, that really was not his name. But a General Lee, not Robert E. Lee, who, by the way, rode a horse that was foaled in West Virginia. [General laughter.]

But the Southern troops were beaten back, or rather brought front, and General Lee pointed. And he said, "Look at Jackson, he stands like a stone wall." So that was the beginning of the name that everyone recognized as his name through the years.

Now having indulged myself, I want you to know that Mr. McGance has not requested that I say what I am saying. But when I hired Mr. McGance many, many years ago, I said to him, "Mr. McGance, are you ready to start at the bottom?" He said, "Yes, I am ready to do anything."

And he began in that way. I have always thought that is something valuable for a Naval Academy graduate, or a West Point Academy graduate, or an Air Force Academy graduate, to know that sometimes there is a starting point in which you go not sidewise, but up.

And I say today that McGance, the administrative assistant in our office, attended the Academy at the same time as Mr. Walters, and is a classmate of Fred Bidgood, who I believe is planning to go to the VA with Mr. Walters.

Is that correct?

Mr. **Walters**. That is correct, sir.

Senator **Randolph**. And I hope that is not improper for me to mention.

Now in conclusion, it is necessary in my opinion that the Administrator have understanding, that he have compassion, and that he have initiative, and administrative ability. Because certainly, it is his responsibility to seek that necessary funding for those programs that have been mandated by the Congress, not with authorizations only but also continuing appropriations.

And these programs are for the benefit—and I use the word advisedly—not just always the welfare, but the benefit of veterans and their families.

When we met with Mr. Walters, we discussed the Vietnam veterans' Outreach program, contracting out for fee basis care. Mr. Walters, if you become the Administrator, and I shall vote within this committee, and within the Senate to have you hold that important position, I hope that this program that I am mentioning will have your fullest support.

It has been very helpful in West Virginia to the Vietnam veterans. And I hope that you will allocate the necessary moneys that Congress has mandated for the readjustment counseling contract program.

I enthusiastically congratulate you on your nomination. I am an original member of this committee. I formerly chaired the subcommittee on Veterans' Affairs before we had a committee. This is an important mission on which you set out.

I pledge to cooperate with you in our mutual concerns, to meet the needs of those who have served in the U.S. Armed Forces, and who believe now, as I hope that all Americans believe, in the freedoms and responsibilities that were enunciated by the 56 signers of the Declaration of Independence, and the framers of the Constitution, and the founding fathers and mothers.

You might say a good word sometimes for the teaching of the principles of citizenship in the elementary and secondary schools of the United States.

Thank you, Mr. Chairman.

Chairman **Simpson**. Thank you, Jennings, very much.

And now, please, if you are ready to make your statement, we would be very appreciative of having it. I welcome you to the committee, Harry, it is good to have you here.

Mr. **Walters**. Thank you, Senator.

Chairman **Simpson**. Please proceed, if you will.

TESTIMONY OF HARRY N. WALTERS, NOMINEE FOR ADMINISTRATOR OF VETERANS' AFFAIRS

Mr. **Walters**. Mr. Chairman, if I might, before I begin my formal statement, I would like to share with you a story that I shared with the President this morning in our private meeting. I was delighted last week to be at the Rockne luncheon prior to the Army-Navy game sponsored by the New York Touchdown Club.

And sitting to my left was a very venerable elderly gentleman, who is quite wealthy, and a registered Democrat, I might add. And he shared with me a story that I shared with the President this morning about the responsibilities of the Administrator of Veterans' Affairs.

He wanted me to know that he had been very close to President Harry Truman. And that President Truman had appointed Gen. Omar Bradley to be the Director of Veterans' Affairs in 1946. I was aware of that.

But, he said, you are not aware of the fact that many Democratic Senators and Congressmen were a little upset with President Truman about this appointment. They came to his office and said that Omar Bradley has a tendency to be somewhat Republican at times, and we think that a good Democrat ought to be in the job of Administrator of Veterans' Affairs.

The President evidently turned to the Senators and colleagues of his, and said to them, gentlemen, you do not know what you are talking about. I would not put a good Democrat in that job. [General laughter.]

I think that I was getting a message. And I do not come to this assignment with any preconceived notions of kingdom-making, or anything else. I come to it with some degree of humility, and hopefully with some experiences that could be meaningful to help the veterans of America.

So, Mr. Chairman, it is indeed an honor for me to appear before you this morning as the President's designee for Administrator of Veterans' Affairs, and to discuss an issue of critical importance. And that, of course, is America's veterans.

Thanks to them, and those men and women now serving in our Armed Forces as well, we are here today in this magnificent country participating in this constitutional process.

I would like to introduce at this time, if I might, my wife, Illa Walters. She has certainly been a source of strength and inspiration to me over the years. And I am delighted that I can introduce her to you, and that she can be here to enjoy this moment with me.

Chairman SIMPSON. We welcome you. Thank you for coming.

Mr. WALTERS. I would also like to express my appreciation to the people in the Veterans' Administration for their assistance in briefing me, I might add, on a murderous schedule, on the key issues confronting the Veterans' Administration today.

I would also like to express my sincere appreciation, to the Secretary of the Army, Mr. Jack Marsh, for allowing me to take time from my duties as Assistant Secretary of the Army to prepare for this hearing.

If confirmed as Administrator of Veterans' Affairs, I look forward to a continued and positive association with the Department of Defense in the mutually related roles of assisting our Nation's men and women while in service, and of course when they return to civilian life.

As you know, I am not a combat veteran. My active service occurred during the late 1950's and early 1960's, and specifically my active service was from June 4, 1959, to November 1, 1962. My service in the U.S. Army Reserves was from November 1, 1962, to April 12, 1968.

For that reason, the fact that I have not served in combat, it is evident that I will never feel personally the emotions that millions of our combat veterans experienced, nor the pain and anguish they suffer. That does not mean, however, that I am not cognizant of, nor do I not deeply empathize with the impact of combat on our men and women.

Too many of my close friends have shared with me the horrors of combat. And I have seen on their faces and on their torn bodies, the terrible effects of war. Although I have not had combat experience, I do believe that I can relate.

I want to help, and I only hope that my background both within the military and in private enterprise will permit me to provide the leadership to the quarter of a million employees of the Veterans' Administration, so that our veterans receive the service they so rightly deserve.

Mr. Chairman, during several of my recent visits here on Capitol Hill, and with the various veterans' organizations, I have been asked about my philosophy toward veterans.

First, I believe that our veterans have obviously served this Nation with distinction. And we, as a Nation, have an obligation to them. It is through their service and sacrifice that this great country remains free and strong.

The Veterans' Administration has been entrusted with special responsibility to carry out this national commitment. And if confirmed as Administrator of Veterans' Affairs, I will insure to the best of my ability that we meet these responsibilities.

I am now, and I will continue to be, an advocate for America's veterans. If the Nation is to remain firmly behind our veterans, I believe that it is imperative that the integrity of the VA health care and benefits system be maintained.

In the past, recommendations have been made to fragment the Veterans' Administration. I will oppose any such initiatives. Moreover, the VA's health-care system of 172 hospitals, nursing homes, outpatient clinics, and domiciliaries must remain separate.

The wide range of health-care programs that the VA furnishes should be directed towards the unique needs of veteran patients that they serve. I intend to work with the Chief Medical Director, Dr. Don Custis, to strive for excellence in all areas of medicine and research with quality care to veterans being our foremost objective.

As we know, our World War II veterans are approaching the age 65 or older. On December 16, 1981, the VA provided this committee with a report of the VA activities relating to the aging veteran. That report pointed out that the VA provides health care, and hospitals, outpatient, and long-term facilities for more than 50,000 aged veterans every day.

The VA medical care system must be prepared to meet the increasing medical care requirements of this aging veteran population. There is a misconception, I believe, that these requirements are primarily in the area of nursing home and domiciliary care.

While such care is obviously important, we would be remiss in our responsibilities, if we were not also prepared to meet the increasingly complex acute care needs of these older veterans.

Additionally there is the special health-care needs of our younger veterans, many of whom are combat disabled, and who may have been exposed to toxic herbicides. The questions related to agent orange exposure are extremely complex.

The difficulty in resolving them has frustrated Members of Congress, the veterans' service organizations, those of us in the executive branch, and most importantly, the veterans who are concerned as to how exposure may have affected their lives. These concerns are real. And the VA must meet their responsibilities, whatever they may be.

We must also recognize, and properly address the problems of those who endured the trauma of imprisonment during periods of armed conflict, including those still missing and their families. Our commitment to these valiant Americans must never be forgotten.

I am fully aware of the concern of our veterans for employment opportunities. I intend to work with the Assistant Secretary of Labor for Veteran Employment, Mr. Bill Plowden, and to confront the employment issue with all the means that are available to us.

Also, as the administration and Congress consider measures to improve employment, I will work to insure that veterans are adequately considered in any legislation that might be enacted.

Mr. Chairman, one of the most unfortunate and unfair occurrences in the past years has been the negative portrayal of the Vietnam veterans. The vast majority of our Vietnam veterans are our business associates, our next-door neighbors, and our friends.

They have made the difficult transition to civilian life. And they served this country in a myriad of roles. Yet as a group, Vietnam veterans have been cast under a cloud. This is patently unfair, and I will do all I can to change this perspective. I am also aware, however, that some Vietnam veterans are still engaged in the readjustment struggle.

I have a special concern for them, and know that we cannot rest until we have assisted all those who need it.

I would just like to say that I am pleased that the recent Salute to Vietnam Veterans was a positive experience. It is long overdue. And as far as I am concerned, this Salute was not just a parade and a memorial dedication, but it was the beginning of an awareness and sensitivity that is long overdue.

Much more needs to be done to recognize the contributions of these veterans to America. They did their duty to their country.

In this same vein, I believe that there are some negative perception problems regarding the Veterans' Administration itself. I think that these are unfounded and unfair as well.

I found in my association with the Army that the good works of large organizations are often overlooked, and the negative areas highly publicized. Such focusing on the negative has an adverse effect on both the morale of the people in the organization, and the people that the organization supports.

I will work diligently to portray accurately the efforts of the Veterans' Administration, so that its many good people and works receive due credit. As I mentioned earlier, I see myself as an advocate for veterans.

And to do this, an adequate operating budget will be needed, if quality, and timely service, and health care is to be rendered. I intend to fight for an adequate budget for the Veterans' Administration. And if it is proven that the fiscal 1984 budget that is now being proposed is not adequate, I will not hesitate to recommend that requisite appropriations be requested.

Improved management is very important. I will do my best to make improvements where necessary with a view toward improved management in terms of providing better service for our veterans. Whether or not this will result in monetary savings or increased costs, at this point, I just do not know.

Mr. Chairman, I am pleased to see representatives of many of the veterans' organizations here today. And I look forward to open communications between the VA and them and their assistance should I be confirmed.

Also, I am well aware of the concern that each of the members of this committee has in the welfare of our Nation's veterans. I stand ready to work with you in our mutual efforts to support them.

This concludes my prepared statement, Mr. Chairman. I would be pleased to answer any questions.

Chairman SIMPSON. Thank you, very much, for that very impressive and concise statement. It was very effective, I feel. I have some questions, and I know that Senator Cranston has some. I know that he has submitted questions to you, as I have in writing.

Other members will have questions should they return to the hearing chamber, or they may submit those in writing. And if you would respond, I think that we need answers to those questions certainly by Friday in order that we might get the committee vote next Monday, and the Senate vote soon after that.

The VA budget for fiscal year 1984 is presently before the Office of Management and Budget for review. And you have indicated both in your remarks and personally that you intend to take an active role in that review.

What is the present status of your communication with OMB? Do you feel that you can have a meaningful impact on this budget prior to the time that the President's fiscal year 1984 budget becomes final?

Mr. WALTERS. Mr. Chairman, I know that I can have an impact on the budget. Mr. Joe Wright, the Deputy Director of that organization, happens to be a friend of mine, and an understanding friend, I might add, in terms of understanding what management in government is all about.

I believe we, in the Veterans' Administration, will have an attentive ear at OMB in putting together the budget for fiscal year 1984.

Chairman SIMPSON. Have you received assurances from the White House that you will indeed have access to the top-level staff in pursuing the budgetary needs of the Veterans' Administration?

Mr. WALTERS. I have, Mr. Chairman. I met with Mr. Meese, Mr. Harper, and Mr. Fuller. I also met with the President this morning. I have been assured that I will have access to those men when needed.

Chairman SIMPSON. And you intend to utilize that access, do you?

Mr. WALTERS. I intend to utilize it quite often.

Chairman SIMPSON. And do you plan to assist the veterans' organizations in their leadership in that access to the Presidency?

Mr. WALTERS. I hope to arrange a meeting in the not-too-distant future between these organizations and the President of the United States, so that their leadership can sit down with the President; and perhaps even, Mr. Chairman, with your permission, yourself and Congressman Montgomery, to discuss matters of importance.

Chairman SIMPSON. Last year, the budget process revealed the reluctance of Congress to achieve any cost savings at the expense of service-connected disabled veterans, which is a reality of the priorities of the mission.

However, as we continue to try to restrain the growth of the Federal deficit and Federal spending, the pressure is going to remain on the VA to do its share, as is said in this place.

Have you formulated any ideas about the need to restrain growth in the VA, and have you identified any specific areas which you feel could, or should be, or might be reduced?

Mr. **Walters.** As I indicated in my opening statement, Mr. Chairman, I think it is difficult, after 7 days of briefings, to determine where those areas are. Certainly, there are areas where savings can be achieved.

It has been my track record in the past, however, not to manage solely by budgetary tools. I think the Veterans' Administration needs to be managed on a positive basis. It should be managed as a team, all working toward a common goal.

And when that environment is created, the opportunity to effect management savings will be potentially much higher than I think it is today. That will be my overall goal, and I am going to work hard to try and accomplish it.

Chairman **Simpson.** I know that in written questions that Senator Cranston asked you, there are questions about ionizing radiation, and the claims filed there. We are going to have hearings on that in the next session. So I will pursue that, and review your responses to Senator Cranston.

Coming back to health care, you were very clear on those issues of health care and eligibility. Eligibility for health care, and other broad benefits has been an issue of some interest to me. I feel that in order to maintain a VA health-care system, a balance of this priority of service-connected and non-service-connected veterans is necessary. And I would hunch that you might agree with that. If not, you have an opportunity to express yourself fully, and can indeed.

I wonder, though, if you feel that there should be any differentiation of benefit levels between service-connected and non-service-connected veterans in order to emphasize the priority for service-connected benefits which supposedly does exist with the VA system.

This difference does exist. But we find in the health-care system when a non-service-connected veteran is hospitalized, his eligibility is greatly expanded. And I continue to look closely at that.

I would appreciate having you focus your attention on it, as you begin your tenure, and perhaps advise us of your thoughts on that, as you become more familiar with the health-care system.

That is a tough one to grapple with. But as funding continues to tighten, and the eligible population continues to expand, it does not seem to me to be sensible to ignore that.

I do not want everybody fleeing out of the room, and saying I heard what he said, you know. That is not the issue. I say we should pursue that. And I would be interested in your views on that. And that is certainly not a question, is it? I wonder if you have any response to that statement. I would appreciate having it.

Mr. **Walters.** Well, Senator, the statutes spell out the eligibility criteria for veterans' health care. I must tell you that I am going to approach all of these matters with the general philosophy that all veterans who are eligible must get quality care, with respect for their dignity, and with compassion.

As Administrator, my job, as I view it, is to administer the law, and I intend to do exactly that. If legislation is required to modify or improve the benefits now available, it should be accomplished through a team concept.

Obviously, the Congress would have to be involved in that process. I would approach such matters only after much thought.

Chairman **Simpson**. Thank you. In a hearing last June on the aging veteran, Dr. Custis mentioned a need to begin to think about involving community-based programs in the VA's future planning for aging veterans.

Could you share your views on that? Could that methodology assist in meeting some of the needs of the overwhelming numbers of older veterans now and in the immediate future, or will it seem, and you will find this, that it could be seen as the beginning of mainstreaming by veterans and service organizations?

That is a concept that I have strongly resisted, and will continue to strongly resist, that issue of mainstreaming. And yet with the expansion of the veterans' aging population, and some 12 million coming into eligibility within the next 2 years, certainly that is something that must be pursued.

Do you have any thoughts on the community-based programs for aging veterans?

Mr. **Walters**. I have not had a chance to review that specific matter, Senator Simpson. But I would like to make the comment that I intend to manage the Veterans' Administration the same way that I would manage a business.

That means that Dr. Custis is going to have a great deal of line responsibility and the authority to operate, from me. And staff personnel will operate as staff personnel. So, Dr Custis' options and recommendations will be highly regarded in the Veterans' Administration. I look forward to working with him on this specific matter, as well as many others.

Chairman **Simpson**. There has been a great deal of discussion about many aspects of the possible adverse effects, health effects, of exposure in Vietnam to the dioxin agent orange. I remain very concerned.

I see that the dreaded light has gone on even for me. So I will finish this question, and maybe you could respond. No, I will save it for the second go-around.

And we will go ahead now with the 10-minute limitation on Senators with questions. And we will come now to Senator Cranston for his questioning.

Senator **Cranston**. Thank you very much, Mr. Chairman.

Harry, I am delighted that you mentioned the need for compassion for veterans, because that is a very important element that is sometimes lacking in dealing with the immense veteran population. You get sort of lost in the numbers. I am glad to see that you know how important it is to instill that sense of compassion through your leadership.

In my opening statement, I noted three issues: The fiscal 1984 budget, agent orange, and medical ADP that I believe should be of highest priority to you in the early weeks and months of your tenure.

How would you rate those in terms of priority?

Mr. **Walters**. I think from a perplexing point of view, and the complexity of the situation, I would view the agent orange area as the most difficult of the three that you mentioned.

There are many players in the agent orange matter There is a White House panel. There is an HHS group. There is the Veterans'

Administration. OMB has some input. And both of the congressional committees are involved, as well as the service organizations.

To me, it is a very complex matter. I have been briefed on it. I think I am beginning to understand some of those complexities. I do not sit in front of this august body, and tell you that I have the solution, by any stretch of the imagination.

Mr. Bob Nimmo's No. 1 disappointment, which he stated in private to me, and in public in the media, was that this thing could not be moved forward on a more equitable basis, and on a more understandable basis for all the parties involved.

So I would view agent orange as the most complex of those subjects.

Senator **Cranston**. But in terms of priority. I am really asking about priority, not the difficulty. And I know that that is a very complex one.

Do you give that and the others a high priority?

Mr. **Walters**. Senator Cranston, I view each of those three issues as of the highest priority in the Veterans' Administration. I do not know if I want to differentiate between them.

Senator **Cranston**. Yes, I understand that. And I am glad that you do recognize that.

With respect to the VA's budget, I read that you were quoted by the Watertown, N.Y., Daily Times as saying,

> We are facing deficit financing, so it is going to be me against David Stockman. Stockman and I are going to have to get to know each other. Veterans' rights have to be protected, and I have to be a spokesman for them.

Is that a reasonably accurate quote?

Mr. **Walters**. That was from my good friend, Alan Emery, from the Watertown Times. So if I said that, it was not exactly what I meant. What I did mean to say, and the intent of that statement, was to indicate that perceptions exist in Washington, relating to veterans' matters, that perhaps the Office of Management and Budget has more input than they should have.

I intend to run the Veterans' Administration, and I intend to represent our budget to OMB. It is not going to be the other way around. That is what I meant by the comment. I think that David Stockman has, perhaps next to this job, the most difficult job in Washington today.

And I have a great degree of respect for him, and what he is trying to accomplish. Nonetheless, I have a very parochial interest in this matter, and a parochial interest in veterans, veterans' needs, and veterans' benefits. And I intend to represent that at the OMB.

Senator **Cranston**. I am glad that you intend to be the one that runs VA, and not David Stockman.

Mr. **Walters**. I am sure that the Congress and the Senate will have some input into it as well.

Senator **Cranston**. We will.

Mr. **Walters**. I am sure.

Senator **Cranston**. Do you intend to challenge strongly any OMB proposals to make substantial cuts in VA appropriation requests, or in the entitlements of veterans' and survivors' programs?

Mr. **Walters**. I intend to take a very strong position on any benefits that are coming to veterans by law. I am going to take a strong position that they not be cut. I am going to win some battles, and I may lose some battles, Senator Cranston. I do not intend, however, to lose the war.

Senator CRANSTON. Good.

Do you believe that the general operating level of the VA programs is appropriate?

Mr. WALTERS. I have asked for data on that. I am concerned that with all of the dialog, with cost cutting, what have you, that perhaps the Veterans' Administration has not come to grips with the real cost of providing health care to the veteran.

And when we look to the future, we might be, although people do not like to talk about it, in an underfunded position. If we are, we should know that. Certainly, if we are overfunded, it would be the hardest thing to determine in Washington.

On the other hand, I have asked for data in comparison with other Government agencies, I might add, as to what percent of the budget the VA has versus other Government agencies.

I am moderately surprised to find the VA not completely out of line. In fact, we look pretty good.

Senator CRANSTON. Do you agree with me that VA service-connected disability compensation and dependency and indemnity compensation recipients should receive annual cost-of-living increases at a percentage no less than is provided to social security retirement and social security disability recipients?

Mr. WALTERS. Well, I do not know about the cost of living. I have not really gotten into that. I noted in my reply to your question that I would support equitable cost-of-living adjustments.

I need some more time to really get into the details before I want to answer that.

Senator CRANSTON. I recognize that you need to know more about the details.

But would you feel that there should not be a difference in the way the cost-of-living increases are calculated and granted between social security retirement and social security disability recipients on the one hand, and service-connected disability compensation and dependency and indemnity compensation on the other.

Should there not be a common standard applied, or certainly not a lesser standard applied to the veterans?

Mr. WALTERS. In general, I agree with that.

Senator CRANSTON. With respect to your stated intention to challenge proposed VA budget cuts with which you disagree, I note that your predecessor expressed the same intention at his confirmation hearing in July 1981.

Yet just 2 months later, in September, when the President submitted his revised fiscal 1982 budget, the administration proposed very substantial cuts in several VA accounts, including medical care, research, construction, and general operating expenses, without having consulted your predecessor.

Moreover, in the spring of this year, the President again with no consultation with your predecessor backed two fiscal year 1983 budget proposals in the Senate that made severe cuts in the administration's own February budget for the VA.

Thus, in spite of your predecessor's strong assurances to this committee to the contrary, he was repeatedly bypassed in top level administration decisionmaking processes regarding the VA's budget.

Against this background, do you believe that you can assure this committee today that it will be you and not David Stockman who will be making decisions along those lines?

Mr. **Walters**. On an activity level, I would tell you that I view that as one of my highest priorities. The ability to make sure that Veterans' Affairs is being heard in the Office of Management and Budget, and in the White House are of a very high priority to me. And I intend to spend a lot of time on that matter.

If I fail, it will not be because I do not have my football helmet on, and try to knock down some doors.

Senator **Cranston**. The point that I am making is that it somehow happened without any advance discussions with the administrators. So you have to be very alert to the danger that that might be attempted again.

Do you think that you can assure us specifically that you will be consulted before any administration revisions of or compromises on VA budget matters are made?

Mr. **Walters**. Senator Cranston, I learned a long time ago that to give assurances on things that have not happened yet are suicidal. And I would not like to give that assurance. However, I would like to again repeat that it will be of high priority to me. And if I am surprised, I will be surprised.

Senator **Cranston**. I think that that is a very appropriate answer.

Another concern related to OMB domination of the VA is whether you will be able to manage VA operations free from undue OMB direction or intervention. The current situation raising that concern involves the VA plans to publish in final form regulations specifying certain rights of patients in VA health-care facilities that the VA had published for comment in proposed form back in 1980.

In a September 3, 1982, letter to the VA's General Counsel, OMB objected to the VA proceeding to promulgate those regulations. OMB stressed that its "concerns were with the instrument for the issuance of a patient rights statement," and expressed no objection to the content or specifics of the proposed regulations.

In October 4 and 6 letters to OMB, I and the VA General Counsel, respectively, expressed disagreement with OMB's opposition to the regulations. In a November 24 letter to me, the Director of OMB indicated that OMB was no longer objecting to the promulgation of regs, but was seeking "to ensure that these regulations do not involve minute administrative details that would hamper hospital management to the detriment of patients themselves."

Interestingly, in a December 2 letter to the National Commander of the VFW, OMB gave yet a third version of its concerns, namely possible inconsistencies for the rights afforded patients in other Federal programs, such as medicare and medicaid. And in that letter, OMB stated that it had asked the VA to conduct a review and report back on any such inconsistencies.

Mr. Chairman, I am providing Mr. Walters with copies of these letters, and I ask unanimous consent that they be inserted into the record of this hearing at this point.

Chairman **Simpson**. Without objection.

[The correspondence relating to certain rights of patients in VA health-care facilities follows:]

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 3 1982

Mr. John P. Murphy
General Counsel
Veterans Administration
Washington, D.C. 20420

Dear Mr. Murphy:

We are returning the Veterans Administration Patients' Rights regulation to you on the grounds that it is inconsistent with this administration's attempts to limit the issuance of regulations to those situations where there is a statutory basis or where there is a compelling need.

We wish to emphasize that our concerns are with the instrument for the issuance of a patients' rights statement and not with the concept of articulating patients' rights. In our view, a more appropriate vehicle for promulgating a "patients' bill of rights" would be a guideline or standard for VA medical centers. The American Hospital Association has issued patients' procedural rights as a guideline, preferring this approach to preserve institutional flexibility in balancing the rights of all patients. The Joint Commission on Accreditation of Hospitals has included patients' rights and responsibilities in its standards manual.

Sincerely,

Christopher DeMuth

Christopher DeMuth
Administrator for Information
and Regulatory Affairs

cc: Dominick Onorato
Veterans Administration

ALAN K. SIMPSON, WYO., CHAIRMAN
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GEORGE J. MITCHELL, MAINE

United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, D.C. 20510

October 4, 1982

Honorable David A. Stockman
Director
Office of Management and Budget
Executive Office Building
Washington, D.C. 20503

Dear David,

As the Ranking Minority Member of the Veterans' Affairs Committee, I am writing in connection with the Veterans' Administration's plans to publish, as agency regulations, two new sections in title 38 of the Code of Federal Regulations (CFR) establishing the rights of patients in VA health-care facilities. The VA proposes to add the new sections to the VA's medical regulations -- as part 17 of title 38 of the CFR -- under the existing heading "Protection of Patient Rights". I was advised in August of this year that one new section, section 17.34b, relating to minimum substantive and procedural rights for both voluntary and involuntary patients, is ready for adoption in final form and that the other, a new section 17.34a, relating to civil commitment and certain additional patients' rights, is still under development.

On October 28, 1980, I provided the VA with extensive comments on section 17.34b after it had been published for comment as well as on a pre-publication draft of section 17.34a. At that point, I strongly encouraged the VA to proceed with the development of these important regulations and asked Committee staff members to keep me abreast of the agency's progress in this regard. Recent staff inquiries to the VA have elicited information that the Office of Management and Budget has questioned the appropriateness of the VA promulgating these regulations.

I am deeply concerned about possible OMB opposition to the VA's plans for promulgating the final and proposed regulations, and I strongly urge that you ensure that OMB does not obstruct or delay these plans. These regulations concern the protection and implementation of the Constitutional and other legal rights of our Nation's veterans while receiving care at VA facilities. These are clearly matters of such significance as to warrant being promulgated in a manner -- as regulations -- designed to ensure that their importance, force, and effect are made unmistakably clear, that the public is fully notified about and given the opportunity to comment on them, that they are uniformly applied, and that they are most readily accessible to veteran-patients and other individuals and groups concerned about their welfare. I would hope you would agree that the rights of sick and disabled veterans -- including those injured in service to the Nation -- are of sufficient importance to warrant protection under VA regulations.

The VA has repeatedly announced in the Federal Register its intention to promulgate these regulations and has published, for public comment, section 17.34b in proposed form. For the agency to downgrade to a lower level of directive or guidance the form in which they are adopted would seem to suggest a diminution of the importance that the Administration attaches to the subject matter -- veteran-patients' rights. Moreover, one section, section 17.34, "Informed consent", already exists under the "Protection of Patient Rights" heading in part 17 of title 38 of the CFR. It would be incongruous to adopt other, equally important patients' rights provisions outside the CFR; it would also be confusing to the public to continue to leave the "Protection of Patient Rights" portion of CFR title 38 in its current incomplete state.

Although, as I have previously indicated to the VA, I would prefer stronger protections in certain respects than those that the agency is proposing, I believe, for the reasons stated above, that the VA should be encouraged to move ahead expeditiously with the development and promulgation of these regulations.

I would very much appreciate your giving this matter your personal attention, and hearing from you as to any decision that you reach on this matter.

With warm regards,

Cordially,

Alan

Alan Cranston
Ranking Minority Member

cc: Honorable Robert P. Nimmo

Office of General Counsel **Washington D.C. 20420**

Veterans
Administration

October 6, 1982

In Reply Refer To: 023

Mr. Christopher DeMuth
Administrator for Information
and Regulatory Affairs
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. DeMuth:

Thank you for your letter of September 3 advising us of your view that our Patients' Rights regulation is inconsistent with your efforts to limit the issuance of regulations to those situations where there is a statutory basis or a compelling need. The VA strongly disagrees with your position on this regulation and we ask that you reconsider our submission. In our view, there is a statutory basis for these regulations and there is a compelling need that they be promulgated as regulations rather than in some other format such as non-binding guidelines.

We believe there is a clear statutory basis for the issuance of this regulation. Section 621 of title 38, United States Code, mandates that the Administrator shall prescribe:

> (1) such rules and procedure governing the furnishing of hospital, nursing home, and domiciliary care as the Administrator may deem proper and necessary;
>
> (2) limitations in connection with the furnishing of hospital, nursing home, and domiciliary care; and
>
> (3) such rules and regulations as the Administrator deems necessary in order to promote good conduct on the part of persons who are receiving hospital, nursing home, or domiciliary care in Veterans' Administration facilities.

As an Agency which operates the largest health care system in the United States, it is our belief that this regulation is necessary and proper for the efficient and effective management of the system. Regulations of this sort are clearly the type of regulations that Congress directed the VA to issue when it enacted section 621.

In addition to this regulation being mandated by law, we believe that for several reasons there is a *compelling need* that it be issued as a binding regulation. Promulgation of a weak set of policy guidelines, as was suggested in your letter, would be unsatisfactory. As indicated in the supplementary information accompanying this regulation, the VA already has a "Code of Patient Concern." This policy statement does not serve the purpose for which the regulations were designed. Firm enforcement of the rules governing VA patients' rights can only be accomplished if the rights, limitations on the rights, and procedures for adjudicating disputes regarding the rights, are set forth in a binding regulation.

VA has found itself a target of costly litigation by patients' rights and other advocacy groups who point to substantive and procedural gaps in VA's regulatory scheme as a basis for judicial relief. See *Falter v. Veterans Administration*, 502 F.Supp. 1178. Issuance of this regulation should ameliorate such concern and may deter future litigation. To fail to issue this regulation now, particularly in the wake of the publication in the Federal Register of a *proposed* VA Patients' Rights regulation and of recent notice reflecting our intention to publish a *final* version, would certainly expand our vulnerability to suit. To fail to address this matter by regulation is to give notice that the VA is unwilling to stand behind the rights of its patients. Such inaction would undoubtedly be used against the VA in future litigation.

In *Falter*, a case still in a protracted pre-trial discovery stage, VA was sued by patients who alleged abridgement of various rights in the course of their VA hospitalization. The lack of a specific regulatory basis for limiting the rights of hospitalized patients has been central to this case. In addition to making this issue a key allegation in their complaint, plaintiffs have placed great weight in their arguments in support of motions in the case on VA's (inadvertent) failure last year to include this regulation in the Federal Register publication of its Semi-annual Agenda of Regulations. Of particular significance, is the assurance which Government lawyers in our behalf have given the judge in this case of VA's intention to promulgate this regulation.

We believe that the failure to issue this regulation will also be an invitation to Congress to mandate the promulgation of a patients' rights regulation. Indeed, key members of VA's authorizing committees have expressed strong and continuous interest in our issuance of this regulation. Legislation mandating a patients' rights regulation is likely to be far more prescriptive than our provision.

This regulation identifies the rights, many of which have been recognized by courts, of institutionalized VA patients. It is very important to note that the regulation also imposes limits on these rights. Courts have clearly stated that Agency directives which limit rights must be promulgated as regulations in accordance with the Administrative Procedures Act, 5 U.S.C. § 553. See *Yale Broadcasting Co. v. FCC*, 478 F.2d 594 (D.C. Cir.), *cert. denied*, 414 U.S. 914 (1973). *Pacific Gas & Electric Co. v. FPC*, 506 F.2d 33 (D.C. Cir. 1974). *Reynolds Metal Co. v. Rumsfeld*, 564 F.2d 663 (4th Cir. 1977), *cert. denied*, 435 U.S. 995 (1978). *Batterton v. Marshall*, 648 F.2d 694 (D.C. Cir. 1980). We believe that sound preventive law practice, as we recognize it, requires that we promulgate this regulation. The Agency should not have a directionless scheme whereby we can neither assure that patients are accorded legal rights nor that the imposition of limits on those rights is reasonable. We are presently defending a major lawsuit alleging just such inadequacies. To attempt to issue a directive addressing patient rights and limitations in a manner circumventing the rulemaking process is to invite a judicial order invalidating such directive as procedurally defective. See *Gott v. Cleland*, Civ. No. 80-0906 (D.D.C. Sept. 30, 1981).

We also wish to address a serious issue brought to our attention by your letter of September 3, 1982. It is our understanding that your office solicited the views of the American Hospital Association regarding this regulation. To the best of my knowledge, the American Hospital Association, whose views were clearly given much weight by your office, was not among the many associations and organizations which commented on the proposed Patients' Rights regulation in response to their publication in the Federal Register. It is our view that any reliance on the views of an organization, solicited outside the framework of the public comment process provided by law, tends to subvert the rulemaking provisions of the APA. We understand that it was concern over such undocumented ex parte communications which gave rise to Mr. Stockman's memorandum of June 13, 1981, concerning the need to include all factual submissions in the rulemaking file relied on by the agency issuing the regulations.

Beyond that concern, we would question why any reliance would be placed on the views of the American Hospital Association. First, they would not be affected in any way by the regulation. Second, I should not expect that the type of patients' rights instrument recommended by an organization like the American Hospital Association, representing thousands of diverse, unrelated medical facilities, could be relevant to the needs and administration of a unified Federal health care system. One might have expected that the views of this Agency regarding the administration of its own medical facilities would alone have been determinative as regards the issuance of this regulation.

In that connection, the implications of your letter are profound and disturbing, and while we are confident that you will find persuasive our views on the merits of promulgating this regulation, we trust you will also wish to clarify the standards by which you intend to review proposed VA regulations generally. Specifically, we are very troubled by your use of the compelling needs/statutory basis test in reviewing VA regulations. In addition to the lack of any stated or apparent legal basis for the test, we are troubled by the conflict between the policy embodied in the test and the rulemaking authority Congress has vested in the Administrator of Veterans Affairs. I feel certain that our oversight committees in Congress would be equally troubled by this conflict. Congress has authorized the Administrator in the broadest possible fashion "to make all rules and regulations which are necessary or appropriate to carry out the laws administered by the Veterans' Administration and are consistent therewith . . . ." 38 U.S.C. § 210. In directing the VA to provide a complete hospital and medical service for veterans, for example, Congress did not spell out with exactitude how every aspect of that system is to operate. Congress necessarily looks to the Administrator and Agency officials to address such questions and to promulgate any regulations needed. The Administrator of Veterans Affairs must be free to carry out the laws he is charged to administer.

The VA seeks to deliver benefits and services, as authorized by Congress, to eligible veterans, and to do so efficiently. We ask for your assistance and cooperation in this effort, as it necessarily requires from time to time the promulgation of regulations.

Sincerely yours,

John P. Murphy

JOHN P. MURPHY
General Counsel

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOV 24 1982

Honorable Alan Cranston
Committee on Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Alan:

Thank you for your inquiry regarding the Veterans Administration's proposed regulations on patients' rights.

We share your view that the rights of sick and disabled veterans should be protected through VA regulations. At the same time, we want to ensure that these regulations do not involve minute administrative details that could hamper routine hospital management to the detriment of patients themselves. We are working closely with the VA on these regulations and expect that they will be issued soon.

Thank you for your inquiry and helpful suggestions on this important subject. Please let me know if I can be of further assistance.

Sincerely,

David A. Stockman

David A. Stockman
Director

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 2 1982

James R. Currieo
National Commander-in-Chief
Veterans of Foreign Wars
of the United States
200 Maryland Avenue, N.W.
Washington, D.C. 20002

Dear Commander Currieo:

In response to your letter of November 17, 1982, to Director Stockman, I want to assure you that the Office of Management and Budget supports the upholding of patient rights in Veterans Administration (VA) medical facilities.

Our concerns with what VA has proposed in the patient rights area relate primarily to apparent inconsistencies with our patient rights policy in other Federal health programs such as Medicare and Medicaid. We have asked the VA to review their proposal in light of other Federal patient rights regulations, and provide us with their assessment.

Thank you for providing us with your views on this matter.

Sincerely,

Christopher DeMuth
Administrator for Information
and Regulatory Affairs

Senator **Cranston**. In my view, the regulations prepared by the VA do not involve the issue that the Director of OMB raised in his letter to me. Also, I consider the issue raised in the letter to the VFW to be untimely, and I would object to any implication that veterans' patient rights should be reduced to the lowest common Federal denominator.

As one who believes that the VA patient protections proposed in these regs should be stronger in certain respects, I have substantive concerns with efforts to dilute those protections.

But just as importantly, I think that this is a clear example of totally unwarranted OMB overreach in meddling in VA management issues where it has no business being involved in any way whatsoever.

OMB has no special expertise in the area of VA hospital management or patient rights that I am aware of. And certainly none comparable to the expertise of the VA's Chief Medical Director and General Counsel. And as far as I am concerned, no responsibilities or authority to countermand the decisions of VA management in an area such as this one.

Nor does this in any way involve an attempt to regulate the private sector. Thus I believe that this situation raises squarely the question of who is going to be running the VA, the Administrator or the Director of OMB.

Against this background, Harry, do you believe that it is appropriate for OMB to seek revisions of VA regulations such as these, which have no applicability to the private sector, or have any direct budgetary impact?

Mr. **Walters**. Senator, a good deal of what you just got through saying was my pitch at OMB in my first unofficial action as Administrator designee of Veterans' Affairs. The matter of patient rights is resolved. We will be publishing. In fact, I think they are going to go into the Federal Register tomorrow or the next day.

OMB has "relented." I think that a good deal of your arguments are valid. They are solid. I do not agree with everything that you said in terms of what OMB's powers or policies might or might not be. I view the Office of Management and Budget as a member of a team.

On certain matters, we work very closely with OMB, as you well know. And they can be very helpful to us. On other matters where we have differences, we must be able to resolve them on a gentlemanly like basis with the least confusion possible.

I am pleased that I was able to interface on a personal basis on this matter, and resolve it before this hearing. I will be accused of having done that, and OMB relenting, because my hearing was coming up, I understand.

But in fact, that really was not the case. I think that your arguments are valid and sound. They should have been presented long ago in a personalized meeting through the leadership of the VA. And I think the problem would have gone away a long time ago.

Senator **Cranston**. Well, that is a great response, and I am delighted that you are getting on top of important matters so swiftly. I know that it will not stop after you are confirmed.

Because the agent orange study's credibility, both among Vietnam veterans, and their families, and in the scientific community is of very critical importance, I have long advocated contracting out the study.

I was pleased to learn in Mr. Alvarez' December 3 response to my letter of October 7 regarding the progress of the study, that it appears certain that the study will be transferred to the Center for Disease Control, I am eager to have this transfer procedure as smoothly and rapidly as possible.

Do you approve of the study to the CDC?

Mr. WALTERS. I do.

Senator CRANSTON. What is the present status of the efforts to make the transfer?

Mr. WALTERS. As I understand it, at this point in time, there are still some meetings that are going to be necessary between the CDC and Dr. Custis in order to determine matters such as budgetary, and other matters that have impact upon us.

It is not a fait accompli. It is not complete yet. I share your view, however, that the Veterans' Administration in handling this study is going to be damned if it does, and damned if it does not.

Because ironically, if it is shown that medical evidence does not exist, we will be accused of having protected compensation. If we find that it does exist, we will be accused of being over empathetic to the veterans.

I find it a very unfortunate place for the Veterans' Administration to be. I know the Congress has felt that the credibility of the VA was at stake in this matter. I am going to work diligently to try to figure out a way that we can intelligently, and accurately, and on a timely basis move the agent orange study forward.

It is going to take a mammoth amount of work with a lot of coordination throughout Government. I intend to tackle it. And I am hopeful that I will be able to make some progress.

Senator CRANSTON. When do you think that the transfer can be finalized?

Mr. WALTERS. I just would not like to project that.

Senator CRANSTON. I can understand that.

Has the amount of the funding which will be required by CDC in order to conduct the study been determined?

Mr. WALTERS. It is one of the matters that we are just about ready to discuss.

Senator CRANSTON. If you would report back on both matters, when and how much, when you can.

Mr. WALTERS. I would be pleased to.

Senator CRANSTON. In a September 9, 1982 address to the 87th Annual Jewish War Veterans Convention, Mr. Nimmo gave his view on the future of the readjustment counseling program beyond September 30, 1984, the date in current law when Vietnam-era veterans' eligibility to request readjustment counseling will expire.

He stated, "Based on the caseload that we have, and with the participation in the program by Vietnam vets, my recommendation would be to continue the program. I think that it has to be continued until every last Vietnam veteran who has a need for that kind of readjustment counseling service has been brought back into the mainstream, and we have solved his problem."

I noted your positive comments about this program in your answer to my prehearing question No. 2.

Do you agree with that statement of Mr. Nimmo?

Mr. WALTERS. I think that it is a very sound statement. I would, however, put a caveat on that to indicate that the Chief Medical Director must come forward with his recommendation on that matter by law, and we will be submitting our views on that on a formal basis in the not too distant future.

Senator CRANSTON. Thank you.

Because of the size of the agency, and the importance of its mission of service to veterans, and because of impacts of actions relating to other Government programs on the VA is so often ignored, I believe that it would be both appropriate and beneficial for the Administrator of Veterans' Affairs to be a member of the President's Cabinet.

I intend to introduce legislation in the near future to bring about that result. Each of the major veterans' organizations fully support such an elevated status for the VA. In this connection, I would note that on October 19, 1978, President Carter conferred Cabinet status on the VA "for the purpose of attending Cabinet meetings," and said that this would be useful for the VA because it would have a stronger voice.

Also, I have stated to your predecessor at his confirmation hearing that his presence at Cabinet meetings would be substantially and symbolically important to veterans, and to their interests. I also suggested that he discuss that matter with the President, and report back to us on that.

Although he said that he would do so, we never heard from him further regarding any discussions he had with the President on that matter.

Do you believe that being a member of the President's Cabinet would enhance your ability to carry out your responsibilities as head of the VA?

Mr. WALTERS. Senator, I have asked that question of two previous administrators, and I have a split view. I got a one out of two vote. I have not yet formed an opinion on it. I would tell you, however, that the worst advocate for elevating his job from a level 2 to a level 1 would be the one who is at the level 2.

Because I think that it would be inappropriate to take a position on the matter on a personal basis. On a more professional basis, I might add to you that I have had significant conversations with Mr. Meese in the White House. The Veterans' Administration will be included in the Cabinet Council on Human Resources, and other matters.

And where Cabinet matters are involving veterans, the Administrator will be asked to attend Cabinet meetings in general.

Senator CRANSTON. Thank you, very much. I appreciate very much your very responsive answers. I am very encouraged by your approach to your responsibilities and the capacities that you bring to this new assignment.

Al, I thank you for letting me have a double questioning period. I have some more questions that I will submit in writing. Unfortunately, I am compelled to go elsewhere at this point.

Thank you, very much.

Chairman SIMPSON. I knew that you had that meeting, and I was pleased that you could have this opportunity. There will be further questions submitted by Senator Cranston. So I am pleased to add that added time. Now Senator Murkowski is here.

Do you have any questions or any statement, Frank, that you might want to make?

Senator MURKOWSKI. Thank you, Mr. Chairman. I appreciate the opportunity to come a bit late. I was attending the Committee on Committees. And I assume, Mr. Chairman, that you know of your new committee assignment. But since he cannot hear me——

Chairman SIMPSON. I am sorry, excuse me.

Senator MURKOWSKI. I say I apologize for not being here earlier. But I was at the Committee on Committees, and they made some new assignments, and I assume that you are aware.

Chairman SIMPSON. Oh, yes, I am.

Senator MURKOWSKI. So there will be no surprises. I am sure you will be relieved. He is much more clever than the rest of us.

Chairman SIMPSON. Yes, you bet.

Senator MURKOWSKI. I am pleased to have this opportunity to support the nomination of Harry Walters to the position of Administrator of the VA. And I appreciate, Mr. Chairman, the chance to participate in the nomination hearing.

You are certainly taking on a difficult, challenging position. We wish you well. You will have to deal with many politically sensitive issues with groups and individuals who have vastly differing opinions. However, based on my observation in the short opportunity that I had to meet with you, Harry, I am confident that you have the background and the commitment to be well aware of the rough road that lays before you.

I am certainly pleased with your desire to face challenges in a manner which reflects respect for veterans' rights, and the need to select priorities. These priorities are selected with care and attention. Because occasionally, I am sure that your battles may appear to face insurmountable odds.

Mr. Walters appears to understand the value of public and political support for the policies that he wishes to institute. And I feel, as we discussed the other day, that the VA and Government in general has been a bit irresponsible in the management of agent orange.

I have joined with my colleague, Senator Stevens, in urging that the Government move on behalf of this issue. I think that it is timely. I am aware that it is highly politicized. It is certainly a controversial issue. I think that it is time to go beyond the politics of the problem, and insure that credible research is conducted as quickly as possible.

Certainly, our veterans deserve no less. Perhaps a means of resolving the issue is to move it to a truly independent, yet credible agency. I do not know, but I think that you are going to have to face that. I would certainly want to wish you the very best of luck during what I know will be a long and successful term as Veterans' Administrator.

Mr. Chairman, I have two or three very brief questions. And I wonder if I may proceed.

Chairman SIMPSON. Yes.

Senator MURKOWSKI. With regard to the need for a new GI Bill, I know that it is all encompassing, and that there has been a lot of discussion.

But do you have any offhand observations or comments; do you feel that it needs to be substantially revised, expanded, contracted, or do we start again, or is it outdated?

Mr. Walters. I had a tremendous amount of personal opinions about the GI Bill until we met as members of the Manpower Task Force Committee at the Pentagon to discuss with each of the services what kind of GI Bill they would like to have. And my personal optimism became somewhat less optimistic as to what kind of GI Bill we might want to move forward with.

The GI Bill has two overriding factors. One is that it must be a recruitment and retention tool for the Volunteer Army of today. And perhaps that must be the most important part of what we do. Secondly, it allows those who serve, everyone who serves, an opportunity to be educated at some future time.

Those two matters are separable, and they do separate. At this point in time, they have not come together. There is an inherent cost in the GI Bill, which no one at this time is willing to put on the table.

It is a very unfortunate set of circumstances. But I would like to share with you one thing. The ultra-VEAP program, which is in the Army right now, the veterans' education assistance program, with a kicker from the Army, has been a very effective recruiting tool.

It is one of the things that has allowed the Army today to be so successful in its manpower arena. Eighty-seven percent of the accessions into the Army are now high school degree graduates, the most that I have ever heard before in the history of the Army.

Many would say that that is recession oriented. After having been involved with it, I can tell you that it is not mostly recession oriented. It is mostly resource oriented. And the ultra-VEAP has been very successful.

With its success, the likelihood of a GI Bill around the corner, tomorrow morning becomes less.

Senator Murkowski. Let me ask you this.

How would you propose to go about evaluating changes, for instance, would you set up a committee group within the Veterans' Administration? Someone is going to have to take the lead in it. Otherwise we are going to have almost a committee development, which oftentimes is not as good as somebody that is working with it, looking at what is wrong with it, and what needs to be changed.

Mr. Walters. You know, I have learned how to throw footballs around since I have been in Government, but that one really belongs to the Department of Defense. It truly does. The Manpower Task Force Committee that was put together studied that matter in depth.

And I would be happy to supply you with a copy of that report, because the GI Bill is examined in depth. At this point in time, the Department of Defense position is that they do not need it now.

Senator Murkowski. And what is your attitude toward needing it now?

Mr. Walters. I think that I would agree with the Department of Defense. We do not need it right now to retain and recruit people.

Senator Murkowski. Moving on, in your background your last position was as chairman and chief executive officer of a relatively large corporation that had to generate a certain amount of productivity to stay in business.

And obviously, in the development of the resource that you were involved in in that process, you came across the realities associated with employment for veterans, job training, educational opportunties.

Did that experience in the private sector enable you to bring certain ideas or approaches to your new position, so that we can perhaps address with greater efficiency these areas of very, very high concern to veterans; unemployment, job training, and continuing educational opportunities?

Mr. **Walters**. That is a very broad based question, and it is a fair question. I am going to answer it by telling you that the one thing that I found in Government service, that has held me in good stead, I brought with me from private enterprise. That is in private enterprise there is a bottom line and there is such a thing as failure.

In Government, the bottom line does not always get top billing. We do not necessarily do a very good job when we come to managing our business, and looking at the downside risks of what we do. And I intend to look at the downside risks of what we do in all of the areas that we are dealing, whether they be political, whether management, whether budgetary, or whether policy.

There is a downside risk. I bring the expertise, I think, to teach people to look at what the downside risks are. It may not be bottom line, but there may be some risks out there that would be harmful to the Veterans' Administration, after we take a look at them.

Senator **Murkowski**. That is refreshing, and I am pleased to hear that. One other question, Mr. Chairman.

We have had in our State of Alaska the operation of Vets Centers, utilized for the most part by Vietnam vets in Anchorage, and Fairbanks, and Keonai, and Wasilla. These are one-man operations.

I have been in them. I have talked to the dedicated individuals who are running them. There is a lot of voluntary help.

There is a feeling among some VA officials that perhaps they are so small that they cannot be efficient. I personally feel otherwise. I think that it depends on the dedication of the individuals in those centers. And I think that we have been indeed fortunate.

I am wondering if you have any preconceived opinions as to your attitude for the continuation of these small veterans' centers in small communities in semi-isolated areas.

Mr. **Walters**. Senator, I have not had time yet to digest what we talked about the other day. And that has a great interface with what you are talking about now. I would like to go to the State of Alaska, and look at it in the broad context of what we are doing there, and sit down and talk to you about what kind of policies and goals we might develop concurrently in the Veterans' Administration to make it better for veterans in Alaska.

Senator **Murkowski**. I will certainly look forward to that conversation. And again, I wish you well. Congratulations. We are looking forward to working with you.

I thank you, Mr. Chairman.

Chairman **Simpson**. Thank you, Frank.

I have just a few questions, and then we will go to the panel of the veterans' organizations.

One of the things that we noted of recent vintage was the VA construction of medical facilities. It seemed to change throughout the various stages of the planning process in rather extraordinary ways.

Your predecessor was attempting to establish some unified criteria upon which construction plans could be based. That goal, I feel, has not yet been realized.

What are your plans to continue or change that initiative, and how soon are we going to be able to see some specific results of that effort with regard to construction?

Mr. WALTERS. It's too early to see the results of the fiscal 1984 budget because they are not releasable at this point in time. I can tell you that we are quite optimistic about the medical construction budget.

The tools that are in place, or that were put in place a year ago, or attempted to be put in place a year ago, have been in themselves quite controversial I am told. And as a result, I'm not so sure they have really accomplished what they were intended to do. But I would like to make one statement very clear here. I think it's important that we know what the medical construction budget should be between fiscal year 1985 and fiscal year 1990, not what it might be if we didn't do what we need to do to serve the veteran.

And this study, as I've been briefed, I think is on the verge of showing us what our true requirements and true needs are for hospital construction across the country. Dr. Custis has much more expertise in this matter than I do, and I will rely upon him quite obviously to give me good counsel and good advice on the future of medical construction.

Chairman SIMPSON. Well, we'll probably have him come and tell us that. Yes.

Mr. WALTERS. I threw that football to him.

Chairman SIMPSON. Yes, I saw that. It was a—it looked like a lateral but it might have been a fumble. No.

Let me say that that is something that the committee is very concerned about, and especially the work with the independent agencies' appropriation committees on where is this construction priority. And I hope this revalidation process and this white paper dated March 29, 1982, the Facility Planning and Construction Committee, I hope that will be permanent. And I think there is a great need for that review process for projects of fiscal year 1985 and beyond.

And would you hope to continue in that review process? I mean that very sincerely because projects could go to the top and sink to the bottom and come up No. 1 and there would be no explanation as to how that occurred. It's very fascinating to watch.

But now we have to be serious about it. And do you think this process, as you see it at this point, is going to be effective?

Mr. WALTERS. Senator, I've found the things that work best are invented at home. When people try to be smart and try to improve one system or another, unfortunately it doesn't always get the endorsement of the people that didn't invent it.

I think the exercise we went through in the last year was helpful in terms of identifying needs.

It will be my job to insure that we do not get in a position where we have bureaucratic infighting about something that's supposed to be better for the veterans.

If there is not a consensus of opinion and the chief medical director is in disagreement with somebody else we have a management problem. I know we will always have some management problems, because we live in the real world. But I intend to minimize them because consensus of opinion is terribly important.

I think we are operating on the same team and on the same frequency. I think we are trying to do what's best for veterans.

Chairman SIMPSON. There is one area there that is called political pressure that hopefully we can reduce from the veterans' construction activity as to, you know, what monument is left behind after you leave this remarkable arena. And that will be helpful, I think, for veterans' construction activity.

There will never be a Simpson Memorial VA Center, obviously, from that statement. And that's fine with me. [Laughter.]

Computers. I share that same concern——

Senator MURKOWSKI. I'll excuse myself on that note.

Chairman SIMPSON. Yes. That was enough for you, wasn't it, Frank.

Senator MURKOWSKI. Yes.

Chairman SIMPSON. It was. You want a Murkowski Center in Anchorage, is that——

Senator MURKOWSKI. Well, they'd never be able to spell it.

Chairman SIMPSON. Never, never. Who cares?

There has been, I think—and I'm looking forward to working with you on that and with the VA officers because they have the same concern. They don't like to have that indecision and activity happen to them either. It's not comfortable.

The computer thing I want to tell you—and I'm going to submit the rest of these in writing to you but they will entail questions about the computer and the automatic data processing. That just seems to be frozen. And then we need to work with you and the good people of the VA.

I'm interested in that and how we get to a single policy and how we work that within the various departments within the VA; management level information.

Agent orange is a very serious concern. I think the future there does lie with the Center for Disease Control.

Keep up closely advised of that progress. Communicate the CDC's progress to us in this. I am sure you are going to have a serious decisionmaking role.

The Ranchhand study is of particular interest to this committee. And we would like an ongoing view of how that is proceeding at its various stages. That would be a significant one because of the exposure aspects which are very well validated.

So, those are some things which concern me regarding female veterans. I know Al Cranston submitted a question to you on that, and I won't be repetitive. Those needs are going to grow. How best do we meet those specialized medical needs of female veterans? We want to know that. And you have answered very well the question of a GI Bill and your thoughts there. We want to assist very much in the VEAP program. I think it is working. I think it's very helpful.

We recognize the serious problem of unemployment.

And then what is your, just briefly, your position? You were in private business. When you were in private business did you hire and emphasize a preference in the hiring of veterans in your company?

Mr. WALTERS. Yes, I did.

Chairman SIMPSON. You did?

Mr. WALTERS. We weren't always successful. But we always emphasized veteran employment.

Senator, if I might take the privilege of just saying a couple things that I wanted to put for the record?

Chairman **Simpson**. Please.

Mr. **Walters**. One is in regard to female veterans. I bring to this assignment some knowledge of the women in the Army study which was just completed. I also bring some knowledge of the fact that the Army now has 65,000 women in it. And so the needs of women veterans are going to grow in the future.

This is a need that should and must be addressed inside the Veterans' Administration. And I intend to do exactly that. The White House has great interest in this matter and so do I.

Now, I'm not announcing any specific programs. I'm not even announcing a study. I'm simply saying that this is an important matter and one which deserves our attention and we intend to give it that attention.

The other thing I would like to tell you is that there are three good people who are running the fine business of the Veterans' Administration—Paul Bannai, Dorothy Starbuck, and Don Custis. I have researched their backgrounds. I have talked to people who have known them. I do not come to Washington, D.C., with the idea that those who serve in Government are crusty old guys and gals who really don't care.

In this case I believe that these three people have a great degree of dedication to the veterans of America. And they are not always perceived as doing what's best for the veterans in certain political circles.

I'm going to tell you, these people need support and we need to support them. And I intend to give them management support from the staff level. And if we are going to disagree with them we better have our facts right. They've been around a long time.

Chairman **Simpson**. I share a view that they are very capable and effective public officials.

You have a Deputy Administrator there. I sat in his confirmation hearing and I was very impressed with Everett Alvarez. And what functions will you designate or think of for him in this important task that you are in, because he is a very important cog in this machinery.

Mr. **Walters**. I have had significant conversations with Everett Alvarez. He is obviously an American of great distinction. And I look forward to working with Everett in every capacity in the Veterans' Administration.

I'm going to run this like I run a company. He will be the chief operating officer and I'm going to be the chief executive officer. And sometimes those duties are going to intertwine. We will operate as a team. He and I have already developed a firm relationship on that basis.

Chairman **Simpson**. I thank you. Thank you very much. And I'll have some further questions to submit in writing. If they could be returned by Friday. As I say, we hope to get the committee vote Monday, Senate vote in the week.

Thank you very much.

Mr. **Walters**. Thank you, Mr. Chairman. It's a pleasure to be here.

Chairman **Simpson**. Thank you very much, Harry. I'm very impressed. You present yourself well. You are very adroit in your responses and very candid. And that's very helpful to this committee. And you have a visible enthusiasm which will serve you well in your new task.

Thank you very much.

Mr. **Walters**. Thank you, Mr. Chairman.

Chairman **Simpson**. And thank you for being here, Mr. Walters.

Mr. **Walters**. Thank you very much.

Chairman **Simpson**. I will ask Mr. Walters' consent to place in the record of this hearing part 1 of the statement for completion by Presidential nominees which you have completed.

[The document previously mentioned follows:]

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name: WALTERS (LAST) HARRY (FIRST) N. (OTHER)

Present address: 7723 Falstaff Road McLean (CITY) Virginia (STATE) 22041 (ZIP CODE)

Position to which nominated: Administrator, Veterans Affairs

Date of nomination: November 29, 1982

Date of birth: 4 (DAY) July (MONTH) 1936 (YEAR)

Place of birth: Fostoria, Ohio

Marital status: Married

Full name of spouse: Illa F.

Name and ages of children: Bradley, 19 Kelly, 14

Education:

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
U.S. Military Academy	1955-1959	B.S.	June 1959

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

University of Guam -- Honorary Doctor of Law Degree, May 1982

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations for the last five years and any other prior memberships or offices you consider relevant.

Organization	Office held (if any)	Dates
American Paper Institute	None	1973-1980

Employment record: List below all positions (except military service) held since twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment.

Feb.1963-Nov.1966 Pure Oil Co.,Miami, Fla., Salesman-Counselor-Div.Training Manager
Nov.1966-Mar.1970 Kimberly Clark Corp., Neenah, Wisconsin & New York City,-Manager New Product Development-Accounts Manager.
Mar.1970-July 1973 Plainwell Paper Co., Plainwell, Mich.,National Sales Manager
July 1973-July 1976 Standard Paper Co.,Richmond, VA., VP Sales, Ex. VP
July 1976-Jan.1977 Consultant, Richmond, Va.
Jan 1977-Feb 1981 President, Potsdam Paper Corp., Potsdam, NY
April 1981-Present Ass't Secretary of the Army, Pentagon, Washington, D. C.

Military service: List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge.

June 1959-Jan 1960 Airborne, Ranger, BIOC, Ft. Benning, Ga.
Jan 1960-Nov 1962 1st B.G. 35th Inf., 25th Inf. Div., Hawaii, Thailand, Platoon Leader, Executive Officer.
Nov 1962-Apr 1964 U.S. Army Reserves, 11th Special Forces A Team Cdr., S-3 B Team
Apr 1964-May 1968 U.S. Army Reserves Control Group.
Honorably discharged Active Army Nov. 1962; US Army Reserves May 1968.

Government experience: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments other than those listed above.

None

Published writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

None

Political affiliations and activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last five years.

National Republican Sustaining Committee

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

2. State whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No Plans

3. Has a commitment been made to you for employment after you leave Federal service?

No

4. Do you intend to serve the full term for which you have been appointed or until the next Presidential election, whichever is applicable?

Yes

Potential conflicts of interest:

1. Describe any financial arrangements, deferred compensation agreements or other continuing financial, business or professional dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction which you have had during the last five years whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any Federal legislation or of affecting the administration and execution of Federal law or policy.

None

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

N/A

Chairman Simpson. I would like to enter into the hearing record a letter from David R. Scott, Acting Director, Office of Government Ethics, Office of Personnel Management, dated December 7, 1982.

[The correspondence previously mentioned follows:]

United States of America
**Office of
Government Ethics**

Office of Personnel Management
Washington, D.C. 20415

DEC 7 1982

Honorable Alan K. Simpson
Chairman, Committee on Veteran's Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Harry N. Walters, who was nominated by President Reagan for the position of Administrator of the Veterans Administration.

We have reviewed the report and have also obtained advice from the Veterans Administration concerning any possible conflict in light of the agency's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Walters is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David R. Scott
Acting Director

Enclosure

Chairman SIMPSON. So now, if we might have our good representatives from the veterans' organizations. Bob Lyngh, please, director of the national veterans' affairs and rehabilitation commission, The American Legion; Cooper T. Holt, executive director of the VFW; and John F. "Rick" Heilman, national legislative director of the DAV.

We are prepared now to receive the remarks of the veterans' organizations. And we will begin as listed on the agenda please, Bob Lyngh.

TESTIMONY OF ROBERT E. LYNGH, DIRECTOR, NATIONAL VETERANS' AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. LYNGH. Thank you, Mr. Chairman. The American Legion appreciates the opportunity to appear before the committee today to offer its observations on the President's nomination of Harry N. Walters to be Administrator of Veterans' Affairs.

At the outset, Mr. Chairman, it is necessary to say that in accordance with its consistent and longstanding policy, The American Legion does not endorse candidates for public office. For that reason we do not endorse the nomination of Mr. Walters.

At the same time we wish to say that it has also been our consistent policy that the President of the United States has, and should have the prerogative of appointing officers of Government in whom he has confidence. In that context, we state to the committee at this time that if confirmed by the Senate, we will work with the nominee on behalf of veterans, as long as he has the confidence of the President.

We will also, of course, reserve the right to speak out and to debate with the Administrator concerning those of his policies with which we may be in disagreement.

Having established these points, Mr. Chairman, we would like, on behalf of the 2.6 million members of The American Legion to state briefly what are our expectations of the Administrator of Veterans' Affairs.

In the first place, the Administrator must be a manager of high ability. On other occasions, The American Legion has indicated it would support a manpower and efficiency study of VA to assure it is being managed in an efficient and cost-effective manner.

In the second place, it is expected by the veterans of this Nation that the Administrator of Veterans' Affairs will be their spokesman in the administration. We expect the Administrator to articulate our thoughts and feelings, our just needs and our problems in the high councils of the Government.

We understand full well that the Administrator must carry out the policies of the President. But we also expect the Administrator to express to the President, to the Congress, and to the American people generally, the thoughts and feelings of the veteran population.

The first appointment of the President to this important post of Administrator of Veterans' Affairs did not turn out so well. We hope that fact has not been lost either on the President or on his present nominee.

The third point we wish to make is that in our judgment the Administrator of Veterans' Affairs must be a person of compassionate understanding of the needs and problems of war veterans and their families. Throughout this country there are veterans who have served well and faithfully as their Government has asked them to do. And there are the widows and orphans of those who have been killed and have died of illness and injury.

The Administrator of Veterans' Affairs is the Government's visible sign that it does understand and care about those who fight the Nation's wars. In all that he says and does he must give evidence that he does indeed understand and that he cares.

We thank the committee again for this opportunity to present our views.

Chairman SIMPSON. Thank you very much.

[The prepared statement of E. Philip Riggins, director, National Legislative Commission, The American Legion, follows:]

PREPARED
STATEMENT OF ROBERT E. LYNGH, DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE COMMITTEE ON VETERANS AFFAIRS
UNITED STATES SENATE
DECEMBER 8, 1982

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The American Legion appreciates the opportunity to appear before the Committee today, to offer its observations on the President's nomination of Harry N. Walters to be Administrator of Veterans Affairs.

At the outset, Mr. Chairman, it is necessary to say that in accordance with its consistent and long-standing policy, The American Legion does not endorse candidates for public office. For that reason we do not endorse the nomination of Mr. Walters.

At the same time we wish to say that it has also been our consistent policy that the President of the United States has, and should have the prerogative of appointing officers of government in whom he has confidence. In that context, we state to the Committee at this time that if confirmed by the Senate, we will work with the nominee on behalf of veterans, as long as he has the confidence of the President. We will also, of course, reserve the right to speak out and to debate with the Administrator concerning those of his policies with which we may be in disagreement.

Having established these points, Mr. Chairman, we would like, on behalf of the 2.6 million members of The American Legion to state briefly what are our expectations of the Administrator of Veterans Affairs.

In the first place, the Administrator must be a manager of high ability. The Veterans Administration is now one of the largest agencies of the Federal Government, and is responsible for the expenditure of more than $25 billion each year of the taxpayers' money. VA employs more than 215,000 people, and, among its other activities, operates the largest single, comprehensive medical care program in the United States. It is important to veterans, as it is to all Americans that VA be managed efficiently.

On other occasions, The American Legion has indicated it would support a manpower and efficiency study of VA to assure it is being managed in an efficient and cost-effective manner.

With reference to the high manpower levels in VA, it is important to note that more than 80% of VA's employees are in the Department of Medicine and Surgery. It is an established fact in the field of medical care that such care is labor intensive. When VA is treating in its medical centers, more than 70,000 patients on any given day, and is dispensing 18 million outpatient visits each year, it is not difficult to understand where 180,000 health care employees are being used. Nevertheless, as we stated above, in the interest of assuring cost-effective management, the Legion has suggested, and will support a manpower study of the agency.

In the second place, it is expected by the veterans of this nation, that the Administrator of Veterans Affairs will be their spokesman in the Administration. Every special interest group in this country has its advocates within the structure of the Government. Certainly, veterans must have theirs also. If veterans are a special interest group, they are also a specially entitled group of Americans.

Veterans are those men and women who have answered the call of the nation and have taken up arms to defend the national interest, as that interest is defined by the elected government, which in turn answers to the people.

In the nation's most recent war alone, more than 57,000 Americans died defending the national interest, and more than 1 million were injured. We of The American Legion submit this is a contribution to the national welfare that cannot be matched by any other group within the nation.

Veterans have performed special service to the nation, and, in all fairness, we submit they are entitled to special consideration by the Government and the people they served.

So, for us who are veterans, we expect the Administrator to articulate our thoughts and feelings, our just needs, and our problems, in the high councils of the Government. Because, if he does not, then who will?

We understand full well, that the Administrator must carry out the policies of the President. We have no problems with that fact. But we also expect the Administrator to express to the President, to the Congress, and to the American people generally, the thoughts and feelings of the veteran population. If he does not do that, then he will not have the confidence of veterans.

The first appointment of the President to this important post of Administrator of Veterans Affairs did not turn out so well. We hope that fact has not been lost, either on the President or on his present nominee. The outgoing Administrator, by his public statements, made clear that he either did not understand the fundamental basis on which veterans programs rest, or that he did not believe in them. Either one of those possibilities is unacceptable to The American Legion.

Mr. Chairman, and members of the Committee, as it considers this nomination of the President, the Committee, in our judgment, must proceed from acknowledgment that the Veterans Administration is an agency replete with problems. Certainly, problems are not strange to our country in this day and age, but veterans, and veterans programs, certainly have their share of them. VA is a vast agency that manifests both the best and the worst of the bureaucracy. We of the Legion, like to believe that VA is perhaps the most sensitive of the Federal agencies to the needs and problems of those it serves. Many would not agree with that. But, our Legion Field Representatives, and our volunteers who work every day in veterans hospitals, see the great good that is being done in relieving pain and saving lives. And, some $15 billion in cash benefits are distributed each year to disabled and aged veterans, and to their dependents and survivors. An agency that does this cannot be all bad.

At the same time, there are many problems, and we must expect the new Administrator to address himself to them as soon as he is confirmed in office.

Without essaying an effort here to identify all of the problems, let us say that among the first to which attention must be given, simply has to be the problems of the Vietnam veterans, the newest generation of war veterans. Agent Orange, delayed stress, high unemployment, education and an assortment of readjustment problems must be dealt with. On Agent Orange, too much time has been allowed to lapse, and progress on this difficult health problem must be made and made promptly. There are many questions that need to be answered, and the Administrator must take the lead in finding those answers.

There are now more than 12 million World War II veterans, whose average age is 63. These veterans will be impacting the VA health care system in the near future. Is that system ready for them?

Within the next 10 years, women will comprise as much as 12% of the total military manpower of the nation. This means that more and more of them will have claims on the Government through the VA. Is VA, an agency that has served mostly a male clientele, ready to deal with a more balanced population, with a greater variety of needs? The American Legion has had women members since it was founded following World War I, and it will insist that the Federal Government deal compassionately and effectively with the problems of women veterans. This is something to which the Administrator must pay attention.

The VA health care system, alone has a myriad of problems - too numerous to detail here, but with which The American Legion is closely familiar. We of the Legion insist that these problems be solved. We are not going to allow anything to happen to the unparalleled health care program the American people have provided for veterans. Let us just say here that we want the renovation and replacement program for the capital plant of the VA medical care program, that the previous Administrator held up, placed on track and moved forward with steadiness and consistency. The VA hospital system is a multi-billion dollar investment of the American people in the health of its veterans, and we do not intend to see that system deteriorate through lack of care or bureaucratic neglect. We have stated, at other times, that we will support a study, and where necessary, a redefinition of the missions of the 172 VA hospitals, to insure they are responding to the current needs and distribution of the veteran population.

The third and final point we wish to make, as the Committee considers this nomination is that in our judgment, the Administrator of Veterans Affairs must be a person of compassionate understanding of the needs and problems of war veterans and their families. As we all know, Abraham Lincoln said it best when he said the nation must "care for him who shall have borne the battle and for his widow and his orphan." Throughout this country there are veterans who have served well and faithfully, as their Government has asked them to do. And there are the widows and orphans of those who have been killed and have died of illness and injury. Compassionate understanding of them and their problems is an essential ingredient of a Government that does indeed have a soul. The Administrator of Veterans Affairs is the Government's visible sign that it does understand and care about those who fight the nation's wars. In all that he says and does he must given evidence that he does indeed understand, and that he cares.

We thank the Committee again for this opportunity to present our views.

TESTIMONY OF COOPER T. HOLT, EXECUTIVE DIRECTOR, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. HOLT. Thank you, Mr. Chairman. And thank you for the privilege of appearing before this committee to present the views of the Veterans of Foreign Wars of the United States regarding the nomination of Harry N. Walters as the Administrator of Veterans' Affairs.

My name is Cooper T. Holt and it is my privilege to serve the more than 1.9 million men and women of the Veterans of Foreign Wars of the United States as executive director of our Washington Office.

First, Mr. Chairman, permit me to thank you for holding this confirmation hearing so expeditiously. It is imperative in our view that the Administrator-designee be confirmed at the earliest possible date so that he may take a leadership role in the final evolution of the fiscal year 1984 budget.

Mr. Walters' background has already been submitted for the record, Mr. Chairman, therefore I will forego repeating that information.

Mr. Chairman, I have personally met with Mr. Walters as have the National Commander in Chief of the Veterans of Foreign Wars of the United States, James R. Currieo, and all of the directors in our VFW Washington Office.

Mr. Walters to us projects strength and ability and impresses us as one who will not permit anyone to usurp his authority or prerogatives as Administrator of Veterans' Affairs. We are always optimistic that the Administrator will be the true veterans' advocate within the administration and this is what we expect of Mr. Walters.

The VFW hopes he would make his first priority as VA Administrator a sincere attempt to carry out President Reagan's commitment to veterans made at the 80th VFW National Convention, that is hospital and medical care with adequate funding, compensation kept abreast of inflation, an increase for Vietnam veterans going to school under the GI Bill, keeping the VA hospital system separate from any national health plan, and national cemeteries located near relatives.

The priorities of the VFW with respect to veterans' benefits are to maintain the integrity of the VA hospital and medical care system for treatment of all veterans in need of health care; to maintain the integrity of the compensation program for the 2.2 million veterans in receipt of benefits thereunder and the dependency and indemnity compensation program for the 1.3 million survivors of veterans killed on active duty or permanently and totally disabled at the time of death; and to maintain the integrity of the pension program for the more than 800,000 veterans in need due to their non-service-connected disabilities and their more than 900,000 survivors. We believe we have made our priorities clear to Mr. Walters.

While speaking of the position of the Administrator, Mr. Chairman, the VFW has long held that the incumbent should be elevated to Cabinet level to provide him both the authority and the stature commensurate with the vast responsibilities of directing the third largest agency of Federal Government. As a matter of fact, our last National Convention passed resolution No. 613, entitled "Create Cabinet Status for Administrator of Veterans Administration," a copy of which is appended to my testimony.

Accordingly, the VFW recommends the introduction and passage of legislation to accomplish this. I was happy to learn just a moment ago that Senator Cranston intends to introduce a bill carrying out this suggestion.

Given the foregoing, Mr. Chairman, the Veterans of Foreign Wars endorses the nomination of Harry N. Walters to be the Administrator of Veterans' Affairs. We wish Mr. Walters well and look forward to a working relationship beneficial to the veterans of all wars who have rendered a very special service to this great Nation of ours.

Thank you.

Chairman SIMPSON. Thank you very much, Cooper, for your testimony.

[The prepared statement of Cooper T. Holt, executive director, Veterans of Foreign Wars of the United States, follows:]

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

PREPARED

STATEMENT OF

COOPER T. HOLT, EXECUTIVE DIRECTOR
WASHINGTON OFFICE
OF THE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

WITH RESPECT TO THE NOMINATION OF HARRY N. WALTERS
TO BE ADMINISTRATOR OF VETERANS AFFAIRS

WASHINGTON, D. C.   DECEMBER 8, 1982

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the privilege of appearing before this Committee to present the views of the Veterans of Foreign Wars of the United States regarding the nomination of Harry N. Walters as the Administrator of Veterans Affairs.

My name is Cooper T. Holt and it is my privilege to serve the more than 1.9 million men and women of the Veterans of Foreign Wars of the United States as Executive Director of our Washington Office.

First, Mr. Chairman, permit me to thank you for holding this confirmation hearing so expeditiously. It is imperative that the Administrator-designee be confirmed at the earliest possible date so that he may take a leadership role in the final evolution of the Fiscal Year 1984 VA budget.

As the record reflects, Mr. Chairman, Mr. Walters, who is presently the Assistant Secretary of the Army for Manpower and Reserve Affairs, was born July 4, 1936 in Fostoria, Ohio. He is a 1959 graduate of the U.S. Military Academy at West Point, New York where he won honors as an All-American fullback on the Army

★ WASHINGTON OFFICE ★
VFW MEMORIAL BUILDING ● 200 MARYLAND AVENUE, N. E. ● WASHINGTON, D. C. 20002 ● AREA CODE 202-543-2239

team. Mr. Walters was commissioned in the infantry and attended the Airborne and Ranger School at Fort Benning, Georgia following which he served with the 25th Infantry Division and was separated from active duty in 1963.

In civilian life he held a number of positions including the Executive Vice Presidency of the Standard Paper Manufacturing Company in Richmond, Virginia. He was also associated with the Kimberly Clark Company in Wisconsin and New York City and the Pure Oil Company in Miami, Florida. In 1977 Mr. Walters purchased and became President and Chief Executive of the Potsdam Paper Company in Potsdam, New York. His executive ability is reflected in the fact that this particular paper mill had been idle in an area of large unemployment and by reactivating the mill, he brought employment and prosperity to hundreds of employees.

Mr. Walters makes his home in McLean, Virginia with his wife and two children.

Mr. Chairman, I have met personally with Mr. Walters as have the Commander-in-Chief of the Veterans of Foreign Wars of the United States James R. Currieo and all of the Directors in our VFW Washington Office.

Mr. Walters projects strength and ability and impresses us as one who will not permit anyone to usurp his authority or prerogatives as Administrator of Veterans Affairs. We are always optimistic that the Administrator will be the true veterans' advocate within the Administration and this is what we expect of Mr. Walters. The VFW hopes he would make his first priority as VA Administrator a sincere attempt to carry out President Reagan's commitment to veterans made at the 80th VFW National Convention, i.e., hospital and medical care with adequate funding, compensation kept abreast of inflation, an increase for Vietnam veterans going to school under the GI Bill, keeping the VA hospital system separate from any national health plan, and national cemeteries located near relatives.

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Given the foregoing, Mr. Chairman, the Veterans of Foreign Wars endorses the nomination of Harry N. Walters to be the Administrator of Veterans Affairs. We wish Mr. Walters well and look forward to a working relationship beneficial to the veterans of all wars who have rendered a very special service to this great Nation of ours.

Thank you.

RESOLUTION No. 613

CREATE CABINET STATUS FOR ADMINISTRATOR OF VETERANS ADMINISTRATION

WHEREAS, there are approximately thirty million veterans living today; and

WHEREAS, no accounting may be made regarding all the hardships, injuries, and illnesses suffered by these men and women; and

WHEREAS, thousands of widows, orphans, mothers, and fathers whose loved ones paid the supreme sacrifice in America's wars depend on this agency of government for assistance through its benefit programs; and

WHEREAS, these veterans and their dependents deserve more credit, greater respect, dignity and humane consideration than any other segment of our society; and

WHEREAS, the Veterans Administration is one of the largest and most responsive agencies in the Federal government; now, therefore

BE IT RESOLVED, by the 83rd National Convention of the Veterans of Foreign Wars of the United States, that appropriate action be taken by the United States Congress to create Cabinet status for the Administrator of the Veterans Administration so the Administrator may properly expedite the affairs and funding of veterans programs and benefits.

Adopted by the 83rd National Convention of the Veterans of Foreign Wars of the United States held in Los Angeles, California, August 13-19, 1982.

TESTIMONY OF JOHN F. HEILMAN, NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. HEILMAN. Mr. Chairman, I think I'll pick up on page 3 of my prepared statement.

Chairman SIMPSON. Thank you.

Mr. HEILMAN. Through your confirmation process, Mr. Chairman, your committee has the obligation to determine, to the best extent possible, just how Mr. Walters views the office to which he aspires. Any individual nominated for the position of VA Administrator should be questioned most closely regarding his philosophical beliefs vis-a-vis our veterans' benefits system as a whole, as well as the major programs and services within that system.

Such an examination should, we feel, reveal sentiments and beliefs similar to the following:

Notwithstanding the fact that the VA Administrator is a member of the President's team, his first and foremost loyalty must be directed at promoting the best interests of this Nation's veterans and the agency created and committed to fulfilling their needs.

The Administrator should judge the merit of any policy change or reorganization plan affecting the VA or any of its functions—whether initiated from without or from within the agency—on its ability to provide an affirmative answer to the following two questions:

Is it in the best interest of our country's veterans, their dependents, and survivors?

Will the present integrity and independence of the VA and its programs remain unimpaired?

The VA Administrator should utilize the nonpartisan concept, surrounding himself with staff members of high competence and a genuine understanding of the needs of our Nation's veteran population. Furthermore, dedication to duty, quality of productivity, and personal initiative on the part of all VA employees should be encouraged and suitably rewarded.

Any VA Administrator should have a candid, open working relationship with this committee, your counterpart in the House, and the Congress as a whole. He should consult regularly with the veterans committees on matters affecting VA programs, not only informing them of intended funding initiatives, legislative proposals, or policy changes, but seeking their advice and expertise on any and all such matters.

And finally, the VA Administrator should endeavor to maintain a frank and open relationship with the veterans' organizations, advising and consulting with them prior to undertaking any administrative initiatives which might touch upon such areas as: The VA rating schedule; the opening and closing of VA regional offices, hospitals, and outpatient clinics; and the existing level of any services to veterans, their dependents, and survivors.

Mr. Chairman, we feel agreement on the part of the nominee with the foregoing principles is essential if the VA is to remain steadfast and faithful to its motto: "To care for him who shall have borne the battle, and for his widow and his orphan."

Mr. Chairman, I would like to make just the following closing observations:

It is obvious to the Committee that my testimony today has not focused upon the nominee himself, but rather upon the manner in which we believe Mr. Walters, or anyone nominated for the position of VA Administrator, should act in office.

As you are quite aware, the DAV has taken no official position either for or against Mr. Walters' nomination. Quite frankly, prior to his nomination, we were not acquainted with Mr. Walters and have had no dealings with him on any matters pertaining to veterans' issues. The reason for this lack of relationship is obvious and requires no elaboration.

However, notwithstanding the fact that expertise and experience in veterans' affairs at a prominent level can certainly be regarded as a plus in the background of anyone nominated for the post of VA Administrator, the existence of such credentials or lack thereof does not, in and of itself, preordain that an individual will or will not perform as Administrator in a satisfactory, competent manner.

We will say that Mr. Walters' record in private industry seems to indicate that he will bring proven managerial skills to the highest level of the Veterans' Administration. In our opinion, this is sorely needed.

Also, since his nomination, we have seen statements in the news media attributed to him wherein he indicates that as VA Administrator he would deal aggressively with the Office of Management and Budget in order to "insure that veterans' budgets are protected."

Such actions would be publicly applauded and strongly supported by the DAV.

In conclusion, Mr. Chairman, should the Senate confirm the nomination of Mr. Walters, the DAV stands ready to cooperate with him in any fashion and at any level in order to insure the delivery and protection of our Nation's system of veterans' benefits and services.

Chairman SIMPSON. Thank you very much, Rick. I appreciate the testimony of all three of you. It's very helpful to us. Thank you.

[The prepared statement of John F. Heilman, national legislation director, Disabled American Veteran, follows:]

PREPARED
STATEMENT OF
JOHN F. HEILMAN
NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES SENATE
DECEMBER 8, 1982

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the 720,000 members of the Disabled American Veterans, may I express my appreciation for this opportunity to present the views of the DAV on the nomination of Harry N. Walters for the Office of Administrator of Veterans Affairs.

Mr. Chairman, your endeavors today are of utmost importance to, and will have a fundamental effect upon, the present and future well-being of this nation's veterans, their dependents, widows and orphans.

These actual and potential VA beneficiaries--who currently constitute almost one half of our country's entire population--regard the Veterans Administration as the federal agency created exclusively for their needs.

And indeed this is so.

The magnitude of the responsibilities of the Veterans Administration and the scope of its various programs of service are well-known to this Committee. Suffice it to say here, that the VA, contingent upon the needs and eligibility of those whom it serves, provides such benefits as:

> The finest of medical care, aid in educational pursuits and/or vocational rehabilitation, service-connected disability compensation and nonservice-connected pension, life insurance protection, guaranteed and/or direct home loans and financial aid for the survivors of deceased veterans.

Unquestionably, the individual who assumes the Office of VA Administrator assumes a tremendous responsibility. This Committee and the Senate as a whole, which must consent to the nomination for that office, assumes no less a responsibility.

With these thoughts in mind, Mr. Chairman, we in the DAV trust that our comments today will provide a beneficial contribution to your important deliberations.

The nominee for Administrator, Harry N. Walters, is a 1959 graduate of the United States Military Academy, West Point, New York. Following release from active military duty in 1962, Mr. Walters pursued an extensive career in private industry and, in 1977, became owner, president and chief executive officer of the Potsdam Paper Corporation, Potsdam, New York. In June of 1981 Mr. Walters was nominated by President Reagan and confirmed by the Senate to serve in the post of Assistant Secretary of the Army for Manpower and Reserve Affairs. He has served in that capacity from that time until his recent nomination by the President.

Mr. Chairman, through this confirmation process, your Committee has the obligation to determine, to the best extent possible, just how Mr. Walters views the office to which he aspires. Any individual nominated for the position of VA Administrator should be questioned most closely regarding his philosophical beliefs vis-a-vis our veterans' benefits system as a whole, as well as the major programs and services within that system.

Such an examination should, we feel, reveal sentiments and beliefs similar to the following:

Notwithstanding the fact that the VA Administrator is a member of the "President's team," his first and foremost loyalty must be directed at promoting the best interests of this nation's veterans and the Agency created and committed to fulfilling their needs.

The Administrator should judge the merit of any policy change or reorganization plan affecting the VA or any of its functions--whether initiated from without or from within the Agency--on its ability to provide an affirmative answer to the following two questions:

1. Is it in the best interest of our country's veterans, their dependents and survivors?
2. Will the present integrity and independence of the VA and its programs remain unimpaired?

The VA Administrator should utilize the nonpartisan concept, surrounding himself with staff members of high competence and a genuine understanding of the needs of our nation's veteran population. Furthermore, dedication to duty, quality of productivity and personal initiative on the part of all VA employees should be encouraged and suitably rewarded.

Any VA Administrator should have a candid, open working relationship with this Committee, your counterpart in the House and the Congress as a whole. He should consult regularly with the Veterans Committees on matters affecting VA programs, not only informing them of intended funding initiatives, legislative proposals or policy changes, but seeking their advice and expertise on any and all such matters.

Finally, the VA Administrator should endeavor to maintain a frank and open relationship with the veterans' organizations, advising and consulting with them prior to undertaking any administrative initiatives which might touch upon such areas as: the VA Rating Schedule, the opening and closing of VA Regional Offices, hospitals and outpatient clinics, and the existing level of any services to veterans, their dependents and survivors.

Mr. Chairman, we feel agreement on the part of the nominee with the foregoing principles is essential if the VA is to remain steadfast and faithful to its motto--"To care for him who shall have borne the battle, and for his widow and his orphan."

In closing, Mr. Chairman, I would like to make the following observations:

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Also, since his nomination, we have seen statements in the news media attributed to Mr. Walters wherein he indicated that (as VA Administrator) he would deal aggressively with the Office of Management and Budget in order to "...insure that veterans' budgets are protected."

Such actions would be publicly applauded and strongly supported by the DAV.

In conclusion, Mr. Chairman, should the Senate confirm the nomination of Mr. Walters, the DAV stands ready to cooperate with him in any fashion and at any level in order to ensure the delivery and protection of our nation's system of veterans' benefits and services.

This concludes my statement, Mr. Chairman, and again I thank you and this Committee for allowing me the opportunity to appear here today.

Chairman SIMPSON. The next group then please. Peter Currier, deputy service and legislative director of AMVETS; and Jack Powell, executive director of the Paralyzed Veterans of America; and John Terzano, Vietnam Veterans of America; and C. A. "Mack" McKinney, executive director for Governmental Affairs, Non Commissioned Officers Association.

I welcome you all to the committee and appreciate having your remarks. If we might just go in the order as noted on the agenda. And therefore, first, Mr. Currier, please.

TESTIMONY OF PETER B. CURRIER, DEPUTY SERVICE AND LEGISLATIVE DIRECTOR, AMVETS

Mr. CURRIER. Good afternoon, Mr. Chairman. AMVETS is appreciative of the opportunity to appear today to comment on the nomination of Harry Walters to the position of Administrator of Veterans' Affairs.

AMVETS is pleased to see that the Veterans' Administration is soon to be furnished with a leader. As the single largest Federal agency, the VA needs someone who can assume its management with an eye on responsible fiscal planning, but at the same time, with an ear to the voice of its constituency.

We note that Mr. Walters has distinguished himself in the private business world as a highly successful manager. This is certainly a most positive quality which should promise efficient management of the VA. We would hope that he would be aware however that the Veterans' Administration is not a profitmaking organization but a Government agency whose mission is service to veterans and their families.

Regardless of who is finally confirmed as the new Administrator of Veterans' Affairs, we feel that he should be mindful that to a large extent the views and opinions which he expresses both in public and private will be reflected in the attitudes of the agency staff at the local VA facility.

We hold that unless the nominee is willing to commit himself to addressing the needs of each and every veteran or every member of a veteran's family who approaches the agency and to act as a staunch and vigorous advocate of veterans' rights, which are by law accorded, then he must of necessity withdraw now as a candidate.

We feel that there are two priorities which the nominee should adopt. We hope that the first priority of the new Administrator will be to meet the needs of a rapidly aging veterans population by responsible planning in the implementation of new outpatient facilities and hospitals and by refurbishing the existing facilities to upgrade the standards of care accorded to veterans of America. Geriatric care and research must be paramount in the goals of the new Administrator.

An additional priority of the nominee should be the immediate needs of the Vietnam veteran, both male and female. The veterans of this most recent conflict have for a number of years implored the Government and people of America to recognize and address the residual effects of that war. And it appears now that public sentiment is finally in their court.

We urge the nominee to give special emphasis to a resolution of the agent orange issue and to recognize the importance of the community-based counseling centers known as Vets Centers and whenever possible expand their numbers. The value of the Vets Centers in returning the troubled Vietnam veterans to mainstream employment through rehabilitation cannot be minimized.

We emphasize that although fiscal austerity has become the watchword of Government planning, we hope that the new Administrator will strive to maintain present FTE levels, as we candidly opine that any further RIF's would jeopardize the agency's ability to serve the needs of the American veteran and his family.

Pennypinching cost consciousness should serve well in the paper industry, but it could cause extreme hardship in the administration of a benefits and medical care system if the primary objective, care to veterans, is submerged in a balance sheet philosophy which counts only dollars and not human sacrifices and its earned rewards.

We hope that Mr. Walters' attitude as Administrator of Veterans' Affairs, should he clear the Senate process, will reflect the qualities of patriotism and service rather than commercial self-enhancement which his career has thus far exhibited. We pledge that so long as we perceive him to be acting in the best interest of all veterans that we will strive to the utmost to work closely in the continuing effort to enhance the ability of the agency to deliver its services to veterans.

Mr. Chairman, we at AMVETS are chagrined that over the course of 2 short years, the Veterans' Administration, a Federal agency unique with its own constituency of some 30 million veterans and many more dependents, has had to undergo periods where it had a lack of command and has also undergone transition at the Deputy Administrator level.

We feel that such an agency, with so honorable a constituency, should be accorded a high priority on receiving qualified, yet concerned leadership nominees. And we sincerely hope that the new Administrator will strive to pull together all elements of the agency and move forward with a resolve that no more shall the Veterans' Administration be without leadership, and that America's veterans can look to the Veterans' Administration with confidence that the treatment they receive will be of the utmost quality.

This concludes our testimony. And again, Mr. Chairman, AMVETS thanks you and the members of your committee for the opportunity to appear.

Chairman SIMPSON. Thank you for being with us.

[The prepared statement of Peter B. Currier, deputy service and legislative director, AMVETS, follows:]

PREPARED
STATEMENT OF
PETER B. CURRIER
DEPUTY SERVICE AND LEGISLATIVE DIRECTOR, AMVETS
Before The
COMMITTEE OF VETERANS AFFAIRS
UNITED STATES SENATE
December 8, 1982

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We note that Mr. Walters has distinguished himself in the private business world as a highly successful manager. This is certainly a most positive quality which should promise efficient management of the VA. We would hope that he would be aware however that the Veterans Administration is not a profit making organization but a government agency whose mission is service to veterans and their families.

Regardless of who is finally confirmed as the new Administrator of Veterans Affairs, we feel that he should be mindful that to a large extent the views and opinions which are expressed both in public and private will be reflected in the attitudes of the agency staff at the local VA facility. We hold that unless the nominee is willing to commit himself to addressing the needs of each and every veteran or every member of a veterans family who approaches the agency and to act as a staunch and vigorous advocate of veterans rights, which are by law accordedthen he must of necessity withdraw now as a candidate.

We feel that there are two priorities which the nominee should adopt. We hope that the first priority of the new Administrator will be to meet the needs of a rapidly aging veterans population by responsible planning in the implementation of new out patient facilities and hospitals and by refurbishing the existing facilities to upgrade the standards of care accorded the veterans of America. Geriatric care and research must be paramount in the goals of the new Administrator.

An additional priority of the nominee should be the immediate needs of the Vietnam Veteran, both male and female. The veterans of this most recent conflict have for a number of years implored the government and the people of America to recognize and address the residual effects of that war and it appears now that public sentiment is finally in their court. We urge the nominee to give special emphasis to a resolution of the Agent Orange issue and to recognize the importance of the community based counseling centers known as Vets Centers and wherever possible, expand their numbers. The value of the Vets Centers in returning the troubled Vietnam Veterans to mainstream employment through rehabilitation cannot be minimized.

With the aforementioned two priorities, we must pause to note that Mr. Walters, although having military experience, has yet to experience on a personal basis the horror of conflict. We are concerned that this lack of experience may prove a detriment to his appreciation of the real needs of combat veterans and their families. Mr. Walters has demonstrated dedication to earning money rather than unselfish service to the government and the country which has educated him in one of its finest institutions. His measure of empathy and concern for veterans however is yet unknown.

The nominee will have to wrestle with the implementation of OMB Directive A76 which to be sure will be no small task. However, it is the hope of AMVETS that prior to approving any contract for services, the new Administrator will look favorably upon those contractors who give preference to veterans in employment.

We emphasize that although fiscal austerity has become the watchword of government planning, we hope that the new Administrator will strive to maintain present FTE levels, as we candidly opine that any further rifs would jeopardize the agency's ability to serve the needs of the American veteran and his family. Penny-pinching cost-consciousness should serve well in the paper business, but it could cause extreme hardship in the administration of a benefits and medical care system if the primary objective, care to veterans, is submerged in a balance sheet philosophy which counts only dollars and not human sacrifices and its earned rewards.

We hope that Mr. Walters' attitude as Administrator of Veterans Affairs, should he clear the Senate process, will reflect the qualities of patriotism and service rather than the commercial self-enhancement which his career has thus far exhibited. We pledge that so long as we perceive him to be acting in the best interest of all veterans that we will strive to work closely in the continuing effort to enhance the ability of the agency to deliver its services to veterans.

Mr. Chairman, we at AMVETS are chagrined that over the course of two short years, the Veterans Administration, a federal agency unique with its own constituency of 30 million veterans and many more dependents has had to undergo periods where it had a lack of command and has also undergone transition at the Deputy Administrator level. We feel that such an agency with so honorable a constituency should be accorded high priority on receiving qualified, yet concerned leadership nominees. We sincerely hope that the new Administrator will strive to pull together all elements of the agency and move forward with a resolve that no more shall the Veterans Administration be without leadership, and that America's veterans can look to the Veterans Administration with confidence that the treatment they receive will be of the highest quality.

This concludes our testimony and again, Mr. Chairman, AMVETS thanks you and the members of your committee for the opportunity to appear today.

TESTIMONY OF R. JACK POWELL, EXECUTIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. Powell. Mr. Chairman, as always it is a pleasure to be here and to testify on behalf of the Paralyzed Veterans of America. It's especially a pleasure to note that everyone is still capable of learning. We note how long it took this administration the first time around to find an Administrator. It appears that they have done it in half the time this time.

Not wanting to wish anything bad to Mr. Walters, but if they have to do it again they may do it before he leaves.

Chairman Simpson. Think how long it took to teach me.

Mr. Powell. We're still trying.

Chairman Simpson. I know you are.

Mr. Powell. PVA believes that, if confirmed, Mr. Walters will bring to the Veterans' Administration a new perspective and hopefully an improved sensitivity to the needs of the Nation's 30 million veterans and their dependents. Mr. Walters' education and management experience in the private business sector should add greatly to upgrading the overall administrative leadership of the Veterans' Administration.

We are favorably impressed with Mr. Walters' open and forthright manner and his knowledge of the systems involved. These attributes and expertise will be greatly tested if Mr. Walters becomes Administrator of Veterans' Affairs, for we know all to well from past experience that the job is both a difficult and demanding one.

Mr. Chairman, PVA will go on record as endorsing the nomination of Harry N. Walters as the Administrator of Veterans' Affairs. It would have been preferable if the nominee had more extensive experience in veterans' affairs. This would have provided him a deeper understanding of traditional VA services and benefits and of the men and women who depend upon the promises this Government made in the past for services already rendered this country in defense of its national ideals.

PVA must also go on record, Mr. Chairman, as being greatly concerned regarding the process by which VA administrators are selected to fill this important Federal position. The Administrator of the VA, the largest single independent agency within the Federal Government, with its $25 billion budget, its 235,000 employees, 85 percent of whom work for one of the world's largest health-care systems, is selected and interviewed, not by the President himself as is customary with Cabinet-level appointments, the Administrator of Veterans' Affairs is screened, interviewed, subsequently test launched into public opinion—and as we understand it—almost arrives at confirmation by the President's inner staff without ever even meeting with the President.

We view this procedure as belittling an agency whose potential program recipients amount to more than one-third of the population of the United States.

The position of Administrator of Veterans' Affairs needs to be elevated to that of Cabinet level status, complete with all the honors and privileges so accorded persons in the positions, especially the weekly meetings and the improved lines of communications with the Oval Office and the President.

Mr. Chairman, PVA sincerely appreciates the efforts of this committee in serving to insure veterans adequate representation and consideration, and we believe your efforts would be enhanced if the Administrator's position was upgraded. We also feel that many of the problems currently being experienced by the Veterans' Administration stem from its lack of access, its second-class status, and the apparent lack of commitment to veterans' programs by recent administrations.

We again go on record that the position of Administrator of Veterans' Affairs be made a Cabinet level position. We encourage this Committee to strive for such a legislative mandate. And we are indeed pleased to hear of Senator Cranston's proposed bill.

The VA is credited with one of the larger portions of the Federal budget and with responsibility for programs affecting a very large constituency, but this important agency is not presently accorded the authority that it warrants. Through elevation of the Administrator's position to Cabinet level, the Administrator would be in a better position to shape national policies which affect veterans.

This increased status is especially important in consideration of the Federal budget. If the Administrator is to be effective he must not only protect the VA budget, but he must work positively to insure that other departments implement pertinent veterans' programs which cross jurisdictional boundaries. In his present status the Administrator has demonstrated considerable difficulty in receiving the necessary audience and even greater weakness in bargaining power.

Paralyzed Veterans of America welcomes Harry N. Walters and we look forward to working with him and his staff as many hard decisions have to be made in the coming months and years ahead.

Mr. Chairman, this concludes our testimony. Thank you.

Chairman SIMPSON. Thank you very much.

[The prepared statement of R. Jack Powell, executive director, Paralyzed Veterans of America, follows:]

PARALYZED
VETERANS
OF
AMERICA
CHARTERED BY THE CONGRESS OF THE UNITED STATES

PREPARED
STATEMENT OF
R. JACK POWELL, EXECUTIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE
THE SENATE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING THE
NOMINATION OF MR. HARRY N. WALTERS
AS
ADMINISTRATOR OF VETERANS AFFAIRS
DECEMBER 8, 1982

Mr. Chairman and Members of the Committee, it is an honor for me to speak today on behalf of the members of Paralyzed Veterans of America. It is with pleasure that PVA presents these comments regarding the nomination of Mr. Harry N. Walters to serve as Administrator of Veterans Affairs.

PVA believes that, if confirmed, Mr. Walters will bring to the Veterans Administration a new prospective and hopefully an improved sensitivity to the needs of the Nation's thirty million veterans and their dependents. Mr. Walters' education and management experience in the private business sector should add greatly to upgrading the overall administrative leadership of the Veterans Administration. Mr. Walters' tenure as Assistant Secretary of the Army for Manpower and Reserve Affairs should lend itself well to the duties he will face as Administrator of Veterans Affairs. PVA is especially hopeful that the specific areas of responsibility that Mr. Walters dealt with as Assistant Secretary, namely those of equal opportunity, force structure requirements, and quality of life areas can be brought to full use in matters relating to veteran affairs, to securing adequate monies to administer such and to directing the efficient and effective utilization of those monies to the VA program areas as designated by the Congress.

Mr. Chairman, based upon conversations we have had with the nominee, PVA feels Mr. Walters possesses a good understanding of the role of the VA and the relationship of this large Federal agency with the Executive and Legislative branches of government. We are favorably impressed with Mr. Walters' open and forthright manner and his knowledge of the systems involved. These attributes and expertise will be greatly tested if Mr. Walters becomes Administrator of Veterans Affairs, for we know all to well from past experience that the job is both a difficult and demanding one. Recently the VA has experienced the departure of many capable, experienced advisors and career employees who had extensive knowledge and understanding of the Veterans Administration and its programs. We trust that Mr. Walters will bring to the office of VA Administrator a better understanding of and appreciation for the forces that come to bear upon both the man and position which he aspires to today.

Mr. Chairman, PVA will go on record as endorsing the nomination of Harry N. Walters as the new Administrator of Veterans Affairs. It would have been preferable if the nominee had more extensive experience in veterans' affairs. This would have provided him a deeper understanding of traditional VA services and benefits and of the men and women who depend upon the promises this government made in the past for services rendered this country in defense of its national ideals.

PVA must also go on record, Mr. Chairman, as being greatly concerned regarding the process by which VA administrators are selected to fill this important Federal position. The Administrator of the VA, the largest single independent agency within the Federal government, with its $25 billion budget, its 235,000 employees, 85 percent of whom work within one of the world's largest health-care systems, is selected and interviewed, not by the President himself as is customary with Cabinet level appointments. The Administrator of Veterans Affairs is screened, interviewed and subsequently test launched into public opinion by the President's inner staff. We view this procedure as belittling an agency whose potential program recipients amount in excess of one-third of the population of the United States.

The position of Administrator of Veterans Affairs needs to be elevated to that of Cabinet level status, complete with all the honors and privileges so accorded persons in those positions, especially the weekly meetings and the improved lines of communication with the Oval Office and the President. America's veterans, those who unselfishly gave of their time, their energies, their physical well-being, and those who made the ultimate in sacrifices, the sacrifice of their life in defense of the goals and ideals which this country holds in highest esteem, deserve no less. It is indeed unfortunate that in this country today we have come to the point where many veterans, the public in general, and even Members of Congress have legitimate cause to question the commitment of this Administration to even maintain benefits for those who defended our country in the past while it seeks ever larger appropriations in defense for some possible future occurrence.

Mr. Chairman, PVA sincerely appreciates the efforts of this Committee in serving to ensure veterans adequate representation and consideration,and we believe your efforts would be enhanced if the Administrator's position was upgraded. We also feel that many of the problems currently being experienced by the Veterans Administration stems from its lack of access, its second-class status and the apparent lack of commitment to veterans' programs by recent Administrations. President Reagan, after his election victory in November of 1980, waited until July of 1981 to fill the position of Administrator of Veterans Affairs with the Honorable Robert P. Nimmo. This delayed nomination was one example of an Administration doing disservice to veterans. Another concern stems from the fact that all during the time Mr. Nimmo served as VA Administrator not once was there any formal meetings between the two regarding veteran affairs. Whether this was planned or not we will never know. Still, the fact remains veterans' affairs are a large Federal government responsibility and legitimate and coordinated lines of communication and policy commitment need to be established. We again go on record that the position of Administrator of Veterans Affairs, be made a Cabinet level position and we encourage this Committee to strive for such a legislative mandate.

One of the most significant changes which would result by upgrading the VA Administrator position to a cabinet post is that it would permit the Administrator to better represent the VA's constituency of 30 million veterans and their families. The VA is credited with one of the larger portions of the federal budget and with responsibility for programs affecting a very large constituency, but this important agency is not presently accorded the authority that it warrants. Through elevation of the Administrator's position to cabinet level, the Administrator would be in a better position to shape national policies which affect veterans.

This increased status is especially important in consideration of the federal budget and the importance of working on an equal footing with other members of the Administration, such as the Director of the Office of Management and Budget, Secretary of Labor, Secretary of Health and Human Services, and Secretary of Defense. If the Administrator is to be effective he must not only protect the VA budget, but he must work positively to ensure that other departments implement pertinent veterans' programs which cross jurisdictional boundaries. In his present status the Administrator has demonstrated considerable difficulty in receiving the necessary audience and an even greater weakness in bargaining power.

The Administrator also must work with Congress and especially with the Committees on Veterans Affairs, on Appropriation, and on the Budget if he is to represent veterans. At the same time, regardless of his working relationship with Congress and the cooperation extended to him, his authority within the Administration is considerably limited. Over the last several years we have seen Congress authorize beneficial veterans' programs and appropriate funds only to have the Office of Management and Budget refuse to make available the funding. We have also seen the Chairman and Members of this Committee, regardless of political affiliation, attack this abuse of power by Executive Branch appointees. However, it seems that no satisfactory solution to the problem of strife between branches of government exists, except to provide the nation's primary veterans' advocate the authority to and forum for protecting veterans' programs.

In conclusion, PVA looks forward to working with Mr. Walters, if confirmed as Administrator of Veterans Affairs. We encourage him to seek immediate counsel both with President Reagan and Office of Management and Budget Director, David Stockman, to seek out the proposals that are being offered for the Fiscal Year 1984 VA budget. We trust that Mr. Walters will be an aggressive advocate for veterans, that he will be an able administrator, and that even though he has been nominated by the Administration he must, if he is to be effective, be responsive, not only to the Administration but equally as well to the Congress and to the constituency he is charged to represent. The Paralyzed Veterans of America welcomes Harry N. Walters and we look forward to working with him and his staff as many hard decisions have to be made in the coming months and years ahead.

Mr. Chairman and Members of the Committe, this concludes my remarks and I would like to again thank you for inviting PVA and allowing us this opportunity to express our views concerning this very important nomination. I will be happy to respond to any questions you may have.

TESTIMONY OF JOHN F. TERZANO, VIETNAM VETERANS OF AMERICA

Mr. TERZANO. Mr. Chairman, I truly feel that one of the underlying questions that need to be addressed by this committee is not so much Mr. Walters' answers on specific problems, like agent orange, the Vets Center, or the health-care system, what I believe is at issue is Mr. Walters' willingness to learn the demands of the position of the veterans' Administrator and his ability to exercise leadership in this position.

The veterans of our Nation deserve more than just a caretaker or a manager. The veterans want and deserve a leader.

We have a right from whoever serves as veterans' Administrator that he show initiative, be in the vanguard, set the direction and provide leadership by example. We do not suggest that Mr. Walters ignore what has gone on in the past, but learn from the best that has been accomplished. In fact, careful reading of the most definitive study ever done on veterans' affairs, a report prepared by General Omar Bradley at the request of then President Eisenhower, would be a good starting point, I believe, for Mr. Walters.

In addition, I would suggest that he take a careful look at some of the GAO reports that have recently been released surrounding the Veterans' Administration, particularly the reports surrounding the VA's agent orange screening program and the recent GAO report citing some of the VA's shortcomings with respect to women veterans.

In addition to this, and probably more importantly, we strongly urge the new Administrator to listen to what the people in the VA have to say about their work. And that doesn't include just the senior executives on Vermont Avenue, but the doctors and nurses working with patients, the team leaders in the Vets Centers, and the many other folks within the VA structure who are not just putting in time but who are struggling to do what is needed to serve this Nation's veterans.

These people too deserve a leader. One who will truly listen to them, to other individuals, to veterans and veterans' organizations, and then set a course and lead the way by example and inspiration.

The people within the VA who have been trying to do a good job have been doing so despite the lack of strong and inspired leadership from the top.

Mr. Walter Lippmann once said that "the final test of a leader is that he leaves behind him in other men the conviction and the will to carry on. . . . The genius of a good leader is to leave behind him a situation with common sense, without the grace of a genius, can deal with successfully."

Mr. Chairman, I truly believe that before Mr. Walters can tackle the very pressing issues that face the Veterans' Administration, he is going to have to return the VA into a leadership role that it once held so many years ago for this Nation's veterans. I am confident after hearing Mr. Walters' remarks today, reading his testimony, and hearing the remarks of the various members of this committee that Mr. Walters will be able to do just that.

The VVA commends him on his nomination. We look forward to his confirmation. We look forward to working with him in the future.

Thank you.

Chairman SIMPSON. Thank you, John.

[The prepared statement of John F. Terzano of the Vietnam Veterans of America follows:]

PREPARED
STATEMENT OF
JOHN F. TERZANO
OF THE
VIETNAM VETERANS OF AMERICA

Mr. Chairman, I am honored to be here to testify on behalf of the Vietnam Veterans of America and to share with you and other members of this Committee our views on some issues that need to be addressed by the next VA Administrator.

AGENT ORANGE

We believe the Congress took an important step in Public Law 97-72 in recognizing that many of America's Vietnam veterans may be suffering health problems as an unfortunate legacy of their Vietnam service. We are concerned because a number of reports from VVA members, as well as from other veterans, indicate that the Veterans Administration's implementation of this statutory medical care directive has been spotty and uneven. Some VA medical staff and facilities are providing first-rate care. However, other VA personnel and facilities appear to be falling short of minimum acceptable performance. Suffice it to say that only constant diligence on the part of this Committee and the entire Congress can assure that this directive to the VA is carried out in a consistent, competent, and compassionate manner.

The Veterans Administration should move immediately to bring all VA health care personnel and facilities into full compliance and to establish an independent monitor of its performance in providing medical care under P.L. 97-72. This monitor could be through the existing VA Advisory Committee on Herbicides or a new group especially established for this purpose. Indeed, an outside monitor would be extremely useful in assuring accountability. It has been almost one year since this provision became law. Too many Vietnam veterans apparently are still being treated by VA personnel and facilities as if the law were not on the books. This cannot be permitted to continue.

Indeed, the General Accounting Office's report on the VA's Agent Orange Examination Program clearly documents the problems. The report constitutes a careful and comprehensive review of the VA's service program to and activities regarding Vietnam Veterans. It is a well developed report that raises serious questions about the performance, commitment, and competence of the VA in its dealings with Vietnam veterans. In short, the report is a serious indictment of all aspects of the VA performance

The failures of the VA that are comprehensively and elaborately documented have resulted in different care and service to Vietnam veterans in various VA hospitals across the country. Indeed, the GAO report broadcasts loud and clear that those who bore the burden of battle are not being cared for in even a remotely humane and competent manner.

But what has been the VA's response? Has the VA shown a willingness to work with the GAO and remedy some of its shortcomings? No. In fact the VA has failed to act on the GAO report. Indeed, its response has been characteristic of the VA. Instead of being forthright and showing a willingness to remedy the problems highlighted in the GAO report, the VA has attacked the GAO's methodology, timeliness of the data, and overall investigative procedure. Mr. Chairman, the GAO report only confirmed the numerous anecdotal stories that we here at the VVA, and I am sure some members of this Committee have been hearing for some time. Last month during the National Salute to Vietnam Veterans, a public forum was held here on the Hill on Agent Orange. The VA heard veteran after veteran talk about the problems they have had dealing with VA medical centers across the country. These were not problems that happened two years or even one year ago. In fact, one veteran had just visited his VAMC that week and the treatment he received was shabby at best.

Dr. Donald Custis, the Chief Medical Director of the VA, was at the forum and he stated that it was clear that the VA needed to improve its performance and he pledged to do better. We welcome this forthright statement by Dr. Custis.

Mr. Chairman, the VVA strongly urges the new VA Administrator to review the GAO report and not offer lame excuses as has been the case but to seize the opportunity to restore VA's credibility and act immediately on the recommendations of the GAO. By implementing the GAO's recommendations the VA will send a signal not only to Congress but to Vietnam veterans themselves that it can act in a responsible, competent, and compassionate manner. This will be a clear indicator that Dr. Custis's pledge that the VA will do better is being redeemed.

By contrast, failure to act would only result in Congressional hearings and additional laws mandating the VA to do what it currently has the capability of doing. Indeed, failure to act would result in prolonging the needless suffering of those individuals who may have been affected by exposure to Agent Orange.

Regarding Agent Orange research, we would note that until the original Interagency Work Group to Study the Possible Long-Term Effects of Phenoxy Herbicides and Contaminants was established in late 1979, there was little good that could be said about the Federal Government's commitment to a comprehensive research program. The VVA has repeatedly stated its support for the original Interagency Work Group and for the current Agent Orange Work Group. Even though the VVA has been critical at times about the way the Federal Government's research program has progressed in the past, we remain committed to and supportive of this effort.

Mr. Chairman, on September 15, 1982, the House Veterans Affairs Committee held oversight hearings on the VA's implementation of P.L. 96-151. As a result of those hearings and because of the concerns of members of this Committee, especially Senator Alan Cranston, the VA was urged to transfer the epidemiological study over to the CDC. In the beginning of October, VA Administrator Robert Nimmo, started the process that would make CDC the contractual authority for the study. It has been over two months since this process began and CDC has yet to receive a commitment of even one FTE slot from the VA. Now, I fully understand that there are probably numerous variables at play and issues that need to be addressed before the transfer can be completed but does it take this much time? The VVA strongly urges this Committee to look into the matter and to insure that CDC has the full support of the VA. It has been three years since P.L. 96-151 was enacted. There is no excuse for the study not to be underway.

VET CENTERS

Mr. Chairman, no one would argue the fact that the Vet Centers have proven to be an efficient and effective way of dealing with the psychological problems of Vietnam veterans. Indeed, VVA believes that the Vet Centers have been very cost effective. By utilizing a staff whose costs are minimal, the Vet Centers prevent needless and costly hospitalization of individuals. And with the reorganization and management tightening up that is currently underway on a local, regional, and national level the Vet Centers will continue to be a program that the VA can and should feel proud of.

Currently there are 136 centers on line across the country. In the overwhelming majority of cases the Vet Centers and their small staffs have all they can deal with. Most centers are prohibited from doing outreach because they are overwhelmed with just the walk-in traffic. In addition, in geographically distant areas there are no Vet Centers, and veterans in those areas are left with nothing. The Contract for Fees program was originally designed to overcome this deficiency. Unfortunately, the response to the VA's RFP has been minimal and the Contract for Fees has not filled the void.

In the current FY '83 budget the Vet Center program is funded at a level of $21.2 million with an additional $11.2 million allocated for Contract for Fees. The level of funding for FY'84 is the same except for a cost of living adjustment for the Vet Center funds itself and not for the Contract for Fees money. Even though there are a number of requests made by veterans, the public, and Congressional offices almost daily to expand and enhance the Vet Center program, there is no money allocated to do so. This can be remedied very easily.

In the weeks ahead the VA should be in a position to make a determination on how much of the Contract for Fees will be allocated. Undoubtedly, as has been the case in the past, there will be substantial amounts of money that will be left over from the Contract for Fees money. Instead of using this money (as they have in the past) outside of the Vet Center program, the VA should allocate a portion of these unused funds to expand and enhance the existing Vet Centers. The expansion that is needed is moderate and could be targeted in an efficient manner. Also, those centers whose staffing levels are inadequate to meet their current demands could be increased.

Finally, beginning early next year the VA will undertake a careful, indepth assesment of the future needs of the Vet Center Program. VVA is confident that this assesment and planning process will be comprehensive and we stand ready to work with the VA in this endeavor. We strongly encourage the new VA Administrator to also take part in this process and seriously think about the above recommendation regarding expansion.

CONCLUSION

Mr. Chairman, there are other areas of concern that VVA has that will need to be addressed by the new VA Administrator. Principally, Judicial Review, women veterans and the general status of the quality of health care provided by the VA. In fact, in the area of women veterans it appears that the VA is ignoring another GAO report that once again clearly documents the VA failures in this area. One has to wonder if it is standard VA policy to disregard any constructive criticism even when it comes from a responsible government agency like the GAO. The VVA is more than happy to work with the new administrator on these and any other issues where he feels we could be of help.

VVA believes that many of the VA's shortcomings are primarily due to the lack of leadership that has been so evident for most of the past two years. With all that needs to be done within the VA it is unfortunate that valuable time has been and will be spent before the new administrator takes over. But VVA welcomes the change and hopes that it signifies a departure from the "businees as usual" attitude of the VA. We hope that this Committee will look carefully into Mr. Walters' commitment to moving the VA into a leadership position, where it will be able to address the problems to which I have alluded. We look forward to working with Mr. Walters upon his confirmation and we wish him all the best.

I thank you.

TESTIMONY OF C. A. "MACK" McKINNEY, EXECUTIVE DIRECTOR FOR GOVERNMENTAL AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION

Mr. McKINNEY. Mr. Chairman, thank you very much for this opportunity.

I was a senior noncommissioned officer for more than 20 years. During that time I always sought out those young officers who I thought could seek challenge, who had all of the confidence that they could garner, who could provide positive leadership, and of course, most importantly, be willing to go out of his way to take care of the troops.

I found these capabilities in working with Mr. Walters as the Assistant Secretary of the Army for Manpower and Reserve Affairs. He possesses every one of those capabilities. Therefore, my association believes that because of these abilities and the fact that he has done such a good job as the ASA for Manpower and Reserve Affairs he certainly is capable of sitting in the seat of the VA Administrator.

We thoroughly, completely have the greatest confidence that he will get the job done.

Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you, that was very impressive. I would have liked to have had you as a sergeant of senior variety in my outfit I think.

[The prepared statement of C. A. "Mack" McKinney, sergeant major USMC retired, executive director for Government Affairs, Non Commissioned Officers Association, follows:]

PREPARED
STATEMENT OF

C.A. "MACK" MCKINNEY
Sergeant Major USMC Ret.
Executive Director for Government Affairs

MR. CHAIRMAN. I am delighted to have the opportunity to appear today before this distinguished committee concerning the confirmation of the Honorable Harry N. Walters as the next Administrator of Veterans Affairs. I represent the Non Commissioned Officers Association of the USA (NCOA) and its more than 200,000 members, all veterans of service in or with the Armed Forces of the United States. The Association is accredited by the Veterans Administration and takes great pride in its service to the Nation's veterans and their families and survivors.

NCOA representatives have had the pleasure of working with Mr. Walters since his appointment as Assistant Secretary of the Army for Manpower and Reserve Affairs. During his tenure as ASA(M&RA) Mr. Walters has demonstrated a keen insight into the needs of and quality-of-life improvements for our soldiers stationed around the world. He has done so in such a manner that anyone who associates with him knows that he is a man of integrity fully devoted to reaching the goals he believes are important to those to whom he has a responsibility for their well-being.

The quality the Association admires in Mr. Walters is his willingness to seek challenge and, once found, look it directly in the eye and meet it head on.

He has done so as an honorably-mentioned All-American football player at West Point, as a civilian, and as the Army's top civilian manpower chief. He again is displaying that will to meet challenge by seeking this appointment as head of the VA.

Frankly speaking, if Mr. Walters was your average citizen, he would be content to remain in his current position. However, he is not your usual political appointee. He sees an opportunity to meet the greatest challenge of his lifetime- and, in spite of the obstacles he knows are there, is willing to accept the responsibility of directing the third largest federally-funded agency in our government.

The Association respects such an individual who is ready, willing, and able to give up a relatively safe appointment to literally step into an open furnace. He'll be on stage every minute he sits in that chair. He will be on the receiving end of more heat than any political appointee other than perhaps cabinet-level officers. Not only will he be scrutinized by the press, but every move he makes will be monitored by this distinguished committee, Congress, the Administration, each and every veterans organization, and nearly 30 million veterans and their public supporters.

It's an awesome position and it will take a man of vision, leadership, many skills, and empathy toward the veteran to accomplish the task. Harry Walters possesses these qualities and my Association has complete faith in his ability to get the job done and done right.

As the ASA(M&RA) he worked diligently for the well-being of more than 775,000 soldiers and their families. They, too, are veterans in their own right with the majority eligible to receive or are receiving veterans' benefits. His outstanding performance in that position certainly qualifies him to administer to all our veterans, their families and survivors.

It is an honor and a privilege for me to extend to this distinguished committee my Association's full support of Mr. Walters as the next Administrator of Veterans Affairs.

Chairman SIMPSON. That concludes the formal hearing. I appreciate very much all of you coming and testifying. I am pleased at the general tenor of things as I hear them this afternoon. And not much reference to, you know, whether this gentleman is a combat veteran or peacetime veteran or wartime veteran.

The issue is, is he going to do the job that the statute requires of him. I appreciate, I think, that we didn't spend a great deal of time, because really, few of us of the 30 million have actually served in the anguish of direct combat. Let's keep that in perspective in that great veteran population.

You know, many of us have served in wartime or occupation time or peacetime, but the anguish of combat is reserved to a very few of our honored veteran population in relativity to that huge number of actual veterans. So it's good that we didn't dwell on that. I don't think that would have been helpful. And we didn't. And I was interested to see whether it might go that way.

I think what is really impressive to me about Harry Walters is that he told me he was not going to come to this hearing till he had his time with the President of the United States. And he did. He assured himself that he was not going to do this until he had that. He expressed many things which he shared with you today in that visit with the President.

He is going to see that the veterans of this country have access to their President in ways which have not yet happened, which are going to happen in months to come. And I am going to assist him in that effort. I think he will listen and be very responsive. I think that. I feel that. I have a good feeling about a tough, tough job. I make light of that sometimes just because good humor saves you from getting chopped to pieces. But this is one of the toughest jobs in the U.S. Government. You know fully what I've shared with you before.

I have learned a great deal myself. I get hammered around but I talk and deserve it. You're headed into the fray in a way that's extraordinary. I have had a good relationship working with Max Cleland and Bob Nimmo and now, hopefully, with you. You will need all the resources at your command as you embark on this one.

So, we'll hope to move this along swiftly. We shall. If you would furnish answers to any questions posed. If we can have those by Friday.

Senator DeConcini has indicated that he had an Appropriations Committee markup. He expresses his regret to you that he is unable to attend.

Senator Mitchell, a member of the committee. had a question. I will submit that to you in writing for response.

I believe that concludes the hearing. I thank you all very much for your attendance.

[Whereupon, at 5:10 p.m., the hearing was adjourned.]

To date the committee has received a written statement from the Blinded Veterans Association and responses from Harry N. Walters to the written questions of Chairman Alan K. Simpson, Hon. Alan Cranston, and Hon. George J. Mitchell.

[The communications previously mentioned as received by the committee are as follow:]

BLINDED VETERANS ASSOCIATION
1735 DeSALES STREET, NORTHWEST • WASHINGTON, D. C. 20036 • (202) 347-4010

STATEMENT OF NATIONAL PRESIDENT ELLSWORTH L. SHARPE

BEFORE THE SENATE COMMITTEE ON VETERANS' AFFAIRS

DECEMBER 8, 1982

The Blinded Veterans Association (BVA) is pleased to submit this statement for the record to support confirmation of Harry N. Walters to be the next Administrator of Veterans Affairs (VA).

As you know, the Blinded Veterans Association is an organization concerned with the special needs of blinded veterans. We are committed to provide whatever assistance is needed to help blinded veterans overcome their visual disabilities. Consequently, the BVA, which was chartered by the U.S. Congress in 1958 as the official representative of blinded veterans, enjoys a special relationship with the VA.

The Committees on Veterans Affairs have an intimate knowledge of the mission of the VA as well as the VA's record over the years in fulfilling agency responsibilities. All of us realize, of course, that the VA Administrator plays a key role; his working relationships both with Congress and the Executive Branch are crucial to the effective administration of programs to benefit veterans. If nothing less, the administrator sets the tone for the agency and influences our nation's attitudes towards veterans.

The BVA is pleased that Harry Walters, upon confirmation by the Senate, will serve as VA Administrator.

Mr. Walters brings to the VA a successful record as a businessman. Mr Walter's organizational skills in his most recent service as Assistant Secretary of the Army will be particularly useful in his work with the VA. For example, he was responsible for the supervision of all Army policy relating to manpower and personnel management. This type of experience is important since the VA is the largest independent agency in the Federal government with more employees than any cabinet-level department with the exception of the Department of Defense.

The job of the VA Administrator is an especially complex one. The agency administers a myriad of programs for the nation's 30 million veterans--programs that affect both service-connected disabled veterans and non-service connected disabled veterans as well as non-disabled veterans. Also, the VA administers one of the world's largest medical systems. More than 1.3 million veterans were treated during 1982 in VA hospitals and another 14.5 million veterans visited the VA's Outpatient Clinics.

Mr. Walters will administer a budget exceeding $25 million at a time in our history when there is great debate over the nation's fiscal policies. There are many analysts who suggest that this period in our history is as crucial as any other to our survival as an economically secure and prosperous world leader. Leadership will be required throughout the government in order to respond to the economic challenges which confront us.

Mr. Walters will be confronted with many difficult choices in the next few months regarding the VA's budget for FY 84. The man who makes such decisions should be one with a background in business, an appreciation of business management practices, and a sensitivity to our veterans' needs. We think Mr. Walters is such an individual.

We are very pleased to support Mr. Walter's selection and we hope that he will be confirmed speedily by the Senate.

RESPONSE OF HARRY N. WALTERS, NOMINEE FOR ADMINISTRATOR OF VETERANS' AFFAIRS, TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. A consistent VA policy with respect to claims filed by veterans who may have been exposed to ionizing radiation seems to be lacking. I have been unable to detect uniform criteria upon which the 15 claims which have been allowed has been based. Do you believe that such criteria are necessary and if so, how would you go about establishing them?

Answer 1.

The VA adjudicates all claims, including radiation based claims on a case-by-case basis in an effort to discern if the evidence unique to each establishes a reasonable basis for concluding that a cause and effect relationship exists. A number of variables, including the quality and quantity of the probable dose, the nature and date of onset of any subsequent disease, and the presence or absence of other factors that might account for a disability, are considered in determining whether a cause and effect relationship exists. Given the large number of variables involved and the absence of definitive scientific knowledge in this area, a uniform criterion cannot, at this time, be established. However, the VA will continue to grant the benefit of the doubt to the veteran claimant and will continue to work towards resolution of all the difficult issues presented by veteran exposure to ionizing radiation.

Question 2. In a hearing last June on the aging veteran, Dr. Custis mentioned the need to begin to think about involving community-based programs in the VA's future planning for aging veterans. What are your views on this idea? Could it help to meet some of the needs of the overwhelming numbers of older veterans or will it be seen as the beginning of "mainstreaming" by veterans and service organizations?

Answer 2.

The testimony of Dr. Custis which prompted your question suggested that increased interaction between the Veterans Administration and local communities in planning programs to meet the needs of our aging population would result in greater accomplishments with existing and future resources than can be obtained through independent planning. Through VA support of State homes and use of community nursing home care beds under our existing contract authority, the VA has traditionally relied on non-VA programs to assist in providing services to veterans. As veterans represent a significant percentage of aging Americans and as the VA will continue to be primarily responsible for meeting their health care needs, Dr. Custis stated he believes it is advisable for the VA to consider participating in this local planning. Such interaction is not an effort to initiate the mainstreaming of veterans. Rather, it is directed towards insuring that veterans are, by working with the communities, provided necessary health care. Dr. Custis' suggestion sets forth one option that must be considered in meeting the health care needs of our nation's veterans.

Question 3. Upon what will you base immediate decisions about resource allocation and staffing in view of widely differing projected completion dates for certain important studies such as Medical District Initiated Program Planning (MEDIPP), the veteran population component of the 1980 census data, and the physical plant evaluation?

Answer 3.

I will make every effort to reasonably allocate resources on the basis of the best available information, including where appropriate, "preliminary" information obtained from the planning and data improvement initiatives you have cited. I will rely heavily on the experience and judgments of the department and staff office heads as reflected in their recommendations to me, as well as on the information they provide me as the basis for their recommendations.

Question 4. For many years, there has been evident confusion surrounding the VA policy for Medical Automatic Data Processing (ADP). I am concerned about this because ADP is needed to support clinical services in the hospitals and because it will assist in management-level decisions about the allocation of money and personnel in the VA hospital system. It appears to me that the first step should be to develop a unified policy. How would you propose to establish a single management policy to govern Medical Automatic Data Processing in the VA and to ensure that it be implemented throughout the VA medical care system?

Answer 4.

While I have received some preliminary briefings on the VA's extensive history concerning medical ADP from VA officials, it is my opinion that the issue you have raised in this area can be addressed in an adequate manner only after further study on my part. However, I believe an in-house decision on this matter can be made rapidly and I intend to act as soon as practicable.

Question 5. How would you propose that the Office of Data Management and Telecommunications (ODM&T) and the Department of Medicine and Surgery (DM&S) operate both individually and together to implement the single policy?

Answer 5.

If I am confirmed as Administrator, I will take those management actions necessary to insure all members of the VA team pull together to achieve our common goal -- support to veterans.

Question 6. How would you build into the ADP system an ability to report management-level information while supporting hospital functions and clinical needs?

Answer 6.

As I mentioned previously, I have met with key VA personnel on this subject. I believe we can rapidly solve these in-house issues regarding our ADP needs.

Question 7. There has been a considerable amount of discussion about many aspects of possible adverse health effects of exposure in Vietnam to the dioxin, Agent Orange. I am very concerned about this health-care issue and the small amount of scientific information we have about this chemical. So, I am extremely interested in the planned contracting out of the Agent Orange Epidemiological Study to the Center for Disease Control (CDC) in the Department of Health and Human Services (DHHS). How will you exercise your legislated responsibility to complete an Agent Orange Epidemiological study now that its conduct may lie with CDC?

Answer 7.

The respective responsibilities of the VA and the CDC with regard to the epidemiological study are presently the subject of negotiations between the two agencies. The VA will, of course, insure that the interagency agreement maintains the VA's ability to fulfill its legislated responsibilities. In addition, the VA, as the "contractor," will closely monitor the development and conduct of the study by CDC.

Question 8. How would CDC communicate its progress to you during the conduct of the study?

Answer 8.

A regular reporting mechanism between VA and CDC will be developed and incorporated into the interagency agreement. The specific nature of such a reporting mechanism is currently being negotiated between the two agencies.

Question 9. Would you have a decision-making role in the design of the study, its budget, or staffing if it were to be contracted out?

Answer 9.

Under the proposed interagency agreement with CDC, that agency would independently develop and conduct the study. Budgetary and personnel support would be arranged by the interagency agreement, but it is anticipated that substantial support would be supplied to CDC through the VA. The VA will retain ultimate responsibility for monitoring the conduct of the study. The intent, however, is to allow maximum independence of decision-making and execution to ensure credibility of the study and its acceptance by the veterans community.

Question 10. The major concern before Congress and the Nation today is the very troubling and high unemployment rate. This problem, of course, has a major impact on veterans, especially Vietnam-era and disabled veterans. Was it your policy, while you were in private business, to emphasize the hiring of veterans in your company? Do you believe that the private sector should be more conscious of hiring veterans and will you encourage this practice?

Answer 10.

Yes, it was my policy while in private business to emphasize the hiring of veterans. I do believe that the private sector should be more conscious of hiring veterans. A full appreciation of the problem, and active commitment to hiring veterans, by the private sector is crucial to solving the employment needs of veterans. To the extent possible, I will direct the energies of the Agency to the achievement of this goal.

Question 11. By statute, the Deputy Administrator of the Veterans' Administration performs such functions as the Administrator designates. What functions will you designate for your Deputy, Mr. Alvarez?

Answer 11.

Mr. Alvarez, as I have previously mentioned, will be more directly concerned than myself with the day-to-day operations of the Agency as its principal operating officer. It is not possible, given the size and extent of the VA and the myraid of issues that must constantly be addressed by the Agency, to specifically delineate each of the functions he performs. Mr. Alvarez will, of course, be directly involved in resolving the major issues facing the Agency, including Agent Orange, medical ADP, and the budget.

Question 12. As you stand on the threshold of your new position, what will be your goals -- those things which you would most like to accomplish while Administrator?

Answers 12.

As Administrator and an advocate for veterans, I believe it is important that the VA functions in a manner responsive to the needs of veterans while implementing the laws and programs established by Congress. I will establish myself as the leader of this Agency and its employees. I believe that by providing positive leadership and good management to the 220,000 employees, the quality and quantity of service delivered will be increased.

Congress and I share many areas of special concern. Agent Orange exposure, Vietnam veterans readjustment problems, and maintaining a quality health care delivery system are a few examples. I look foward to working with these issues in a positive way and with the anticipation that many unanswered questions for our veterans will be answered.

RESPONSE OF HARRY N. WALTERS, NOMINEE FOR ADMINISTRATOR OF VETERANS' AFFAIRS, TO THE PREHEARING QUESTIONS OF HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

QUESTION 1. When the fiscal year 1982 budget was being revised in early 1981 by the new Administration, I was very concerned that a new Administrator of the Veterans' Administration was not yet in place to participate and protect the interests of the agency in this process. As a result, the Administration proposed fiscal year 1982 reductions that would seriously damage the operations of the VA health-care system, vocational rehabilitation program, and regional offices. Thus, I am pleased at the prospect of a new Administrator taking office in time to participate in at least the final stages of the Administration's fiscal year 1984 budget process.

A. What plans do you have for taking an active role in the budget planning process?

B. Have you received assurances (and, if so, from whom) that you will have personal access to the President and other appropriate White House officials if necessary to ensure adequate funding for VA programs in the fiscal year 1984 budget and to eliminate any inappropriate or unwise cuts in VA benefits?

ANSWER 1.

A. As you know, the VA's FY 1984 budget was formulated in late Spring and transmitted to the Director of OMB in September 1982. OMB has recently made its preliminary "mark" and we are in the process of formulating our appeal. As I understand the process, I will have an opportunity to meet with Messrs. Baker, Meese, and Stockman to discuss our position. If we are unable to reach a mutually satisfactory budget request for the VA, I will, of course, exercise my prerogative to meet with the President.

B. I believe I have already answered the question of access to the President and other key White House officials, but I want to assure you again that I will exercise my prerogative, as Administrator of Veterans Affairs, to meet with the President if I perceive a need to do so.

QUESTION 2. The recent GAO report "VA's Agent Orange Examination Program: Actions Needed to More Effectively Address Veterans' Health Concerns" was very critical of some of the agency's efforts relating to the Agent Orange issue. Although it cannot give you all the information you need about this very difficult problem, I strongly urge that you read this entire GAO report yourself to gain an understanding of the impact that a lack of strong leadership has had on this issue and the urgent need for correction of this shortcoming.

With reference to some of the specific points made in the GAO report, I have the following questions:

A. GAO recommended that the Agent Orange Registry be discontinued. The VA did not concur in this recommendation.

i. Please state whether you personally agree with the VA response to this recommendation and give your reasons in terms of the approximately $1 million that GAO estimates it will cost annually to maintain the Registry, which the VA states is not a scientifically valid mechanism, which does not include correct addresses for many registrants, and which fails to include specific diagnoses of disabilities found in examinations.

ii. If the Registry is not discontinued, what steps can and should be taken to make it more useful, both as a tool to keep track of those veterans who have expressed concerns about the effects of their exposure or sought a physical examination or health care from the VA and as a device to gather information about the health status of Vietnam veterans?

iii. If the Registry is maintained, what will be the cost of modifying it so that it can be fully useful and what will be the annual cost of maintaining it thereafter?

B. GAO recommended that VA facilities follow up with all veterans given physical examinations before January 1981 to insure that these veterans have been provided their examination results. The VA did not agree with this recommendation on the grounds that the exam results would have "greatly diminished usefulness" and might "unduly alarm veterans." To the extent that the results could reasonably be expected to "alarm" an individual veteran, that veteran should be advised of the exams results and offered a follow-up exam as soon as possible. As for other veterans examined prior to January 1981, they also should be contacted and offered the right to receive the exam results and a follow-up examination.

i. Please state whether you agree with these two recommendations and why you agree or disagree.

ii. [If you agree] What steps will you take to carry them out?

C. GAO reported that 24 VA medical facilities require a veteran to make two visits to complete an Agent Orange exam. This could discourage a veteran's participation in the Agent Orange screening program.

i. Do some facilities still require two visits to complete the exam?

ii. [If yes] Do you believe that, except in extraordinary circumstances, Agent Orange exams should be completed in a single day? [If yes] What steps will you take to ensure that result?

D. GAO recommended that environmental physicians should review all records of Agent Orange examinations to determine if the exams were thorough and documented. VA responded that, because environmental physicians had been directed to inform veterans about exam results, a requirement of review of each veteran's examination record by an environmental physician "is implied." Without pursuing the question at this point whether such reviews are occurring at present, I believe it would be far preferable to make the requirement of review explicit and do not understand any advantage to leaving it to implication.

i. Do you agree?

ii. [If yes] What steps will you take toward this end?

E. GAO recommended that all VA medical facilities be directed to offer to send Agent Orange material to all callers interested in the subject and to advise callers when and where they can view the agency's Agent Orange film. It was not clear from the VA's affirmative response to this recommendation whether the part of the GAO recommendation regarding providing information about the film is being carried out.

i. What evidence is there that information about the availability of the film is being provided on a routine basis at this time?

ii. Approximately how frequently is the film shown at VA medical facilities and elsewhere?

F. GAO recommended that the VA provide available information to veterans concerned about birth defects or refer veterans to genetic counseling services for such information. The VA response, in part, was that environmental physicians "have been instructed to refer veterans to one [of a list of genetic counseling facilities] when they request special genetic testing and counseling." In the case of such a referral, does the VA bear the costs of the veteran's counseling and, if so, under what statutory authority?

G.i. Based on the GAO's findings regarding the accuracy and completeness of the data in the Registry and of the individual documentation of Agent Orange examinations and regarding the information provided to inquiring Vietnam veterans about Agent Orange, the VA's response to those findings, and the GAO's reply to the response, what is your assessment of the thoroughness and competence with which the Registry, examinations, and public information programs were conducted?

ii. Is it a generally satisfactory response, do you think, for the VA to assert (putting to one side whether the assertion is accurate) that these matters have been appropriately corrected by virtue of action by the VA in August 1982, over four years after the Registry and examination programs began and after the VA had reviewed the draft GAO report?

iii. How do you plan to improve on VA performance in these areas?

ANSWER 2.

While I am aware of the GAO report you mention, I would like to give much more consideration to the whole issue of Agent Orange exposure before I comment in detail as you have asked. I believe it would be very unwise and insensitive for me to make uninformed responses on issues that are as important as those that surround Agent Orange exposure. Also, I believe it would be unfair for me to comment on Agency responses to GAO recommendations without having more discussions with the Chief Medical Director and others regarding the background for these responses.

I want to assure you that I intend to be both positive and explicit in my efforts to fulfill the VA's commitment to veterans in resolving the issues associated with Agent Orange exposure.

QUESTION 3. In a letter dated October 15, 1982, to Administrator Nimmo, I raised a number of concerns about the VA's response to the concerns of veterans experiencing serious health problems that may be related to their exposure during active-duty service to ionizing radiation from nuclear detonations. In that letter (copy attached), I recommended that the agency take a number of concrete steps to pay more attention to these issues. Specifically, I recommended that:

1. Entities analogous to the Agent Orange Policy Coordinating Committee and the VA Advisory Committee on Health Related Effects of Herbicides be established to deal with radiation issues;
2. the VA conduct, directly or by contract, a comprehensive review of the scientific literature on the health effects of exposure to ionizing radiation; and
3. the agency give serious consideration to conducting, or providing for the conduct of an epidemiological study, relating to morbidity and genetic damage, of veterans exposed to radiation from nuclear detonations. (A National Academy of Sciences study of 60,000 participants relates only to mortality.)

A. Will you please review my letter and let me have your reactions to my recommendations?

B. When will I receive a reply to the letter?

[illegible]
ARLEN SPECTER, PA.
GEORGE J. MITCHELL, MAINE

United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, D.C. 20510

October 15, 1982

Honorable Robert P. Nimmo
Administrator of Veterans' Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Dear Bob,

Last February I wrote Don Custis with specific comments on the Veterans' Administration's published guidelines -- DM&S Circular 10-81-250, Interim Guidelines for Implementation of Legislation Related to the Provision of Health Care Services to Veterans Exposed to Ionizing Radiation as a Result of Detonation of Nuclear Devices" -- issued on November 18, 1981, in implementation of section 102 of Public Law 97-72. In that letter, I stressed that the Guidelines as they pertained to radiation-related conditions were overly restrictive in two respects: First, they would exclude conditions which could not be shown to have resulted from a "cause other than exposure to radiation", the criterion in section 610(a)(1)(B) as added by section 102 of Public Law 97-72; and, second, they also might exclude conditions, such as thyroid disorders, as to which there is scientific evidence linking them to exposure to radiation.

In Dr. Custis' response of April 6, 1982, he indicated that the final Guidelines would include thyroid nodules as an addition to the class of disorders -- otherwise limited to cancers -- that would be considered as not having resulted from a cause other than exposure to radiation for purposes of establishing health-care eligibility under the new law.

Although I welcome this addition, I remain troubled by the agency's interpretation of Public Law 97-72 as it relates to veterans exposed to radiation. The approach adopted thus far suggests a fundamental inconsistency between the Guidelines applicable to those veterans exposed to Agent Orange and those exposed to radiation. In light of the paucity of knowledge on the health of each of these two populations and considering the ongoing controversy in the literature on the effects of radiation and of Agent Orange exposure on humans, I believe that, as a minimum, equal latitude for access to VA health care should be provided in the Guidelines for those exposed to radiation and those exposed to Agent Orange. To do otherwise on the basis of the current state of knowledge would be, in my view, unjust and not in conformity with the underlying intent of Congress.

On this point, a story (copy enclosed) carried on September 20, 1982, by United Press International relating to a press conference held that day by members of the National Association of Atomic Veterans, noted that John Hickman, speaking for the agency, had said that "anyone who believes he was exposed to radiation is getting free treatment at agency hospitals". Such a result, which comes much closer to the implementation of section 102 of Public Law 97-72 with respect to Agent Orange exposure, is not consistent with the approach in the interim Guidelines. I urge that this matter be clarified in the Guidelines; alternatively, but far less satisfactorily, the information provided by those representing the agency in public statements should be conformed to the Guidelines.

The differences in the Guidelines for implementing Public Law 97-72 are only one example of the differences in the way the VA responds to issues associated with veterans potentially exposed to herbicides in Vietnam and those exposed to low-level ionizing radiation. In general, the agency is devoting significant resources and attention to Agent Orange-related issues; a comparable level of activity is not present regarding radiation-related issues. I believe that this lack of attention to the radiation issue is not justified.

I have in the past urged greater attention to this issue and am writing to you today to recommend that, in order to help remedy this deficiency, the VA take the following concrete steps:

1) Establish entities relating to radiation exposure analagous to the Agent Orange Policy Coordinating Committee -- so that internal agency efforts to address these matters may be examined, compared, and coordinated, which should promote greater awareness within the VA -- and the VA Advisory Committee on Health Related Effects of Herbicides -- so that outside expertise, veterans organizations, and public interest groups can be brought together in a public forum.

2) Conduct, directly or by contract, a comprehensive review of the scientific literature on the health effects of exposure to ionizing radiation.

3) Give serious consideration to conducting or providing for the conduct of an epidemiological study, relating to morbidity and genetic damage, of veterans exposed to radiation resulting from nuclear detonations.

I have long believed that a literature review would be a worthwhile undertaking. The version of S. 917 passed by the Senate on July 24, 1981 -- a measure ultimately enacted as Public Law 97-66 -- contained a provision I authored that would have required the VA to conduct a review and analysis of literature relating to the long-term adverse health effects of human exposure to radiation and to consult with and actively coordinate with other Federal Government entities involved in radiation exposure-related activities. Although this provision was not accepted by the House, I have continued to urge that such a review be carried out, with or without a legislative mandate.

Such a review would serve to ensure that the VA is more fully informed regarding radiation exposure and would pull together available relevant scientific information on this issue. I believe that it would enhance the VA's ability to resolve fairly and consistently the very complex issues involved in radiation-related VA compensation and DIC claims.

The VA, in dealing with radiation-related claims, has relied heavily on comprehensive reviews, such as the 1972 and the 1980 reports of the Committee on Biological Effects of Ionizing Radiation (BEIR) of the National Academy of Sciences and the 1977 report of the United Nations Scientific Committee on the Effects of Atomic Radiation. Because these reviews were concerned primarily with determining minimum exposure levels that might be considered safe, because of the time that has elapsed and the studies that have been completed since these reviews were published, and because many individuals, including researchers and veterans' representatives, have advised me that the analagous Agent Orange literature review has been very useful, I believe that a literature review is warranted to update and consolidate information from the BEIR, UN, and other reports. Hence, I urge that you reconsider your decision not to conduct a literature review, as outlined in your August 13, 1981, letter to me.

Regarding an epidemiological study, I am aware that limited consideration of such a study has already been given by various governmental and non-governmental entities, including the National Academy of Sciences. The Academy is currently engaged in conducting a mortality study but not a morbidity study of veterans exposed at test sites. Its August 1981 report on the feasibility of an epidemiological study of those veterans who were present at Hiroshima and Nagasaki concluded that a morbidity study was not feasible and that a mortality study would not be cost effective. Because our troops' exposure levels in Hiroshima and Nagasaki are considered generally to have been lower than those received at the Pacific or U.S. test sites, the NAS' 1981 analysis and conclusion (which is not free from controversy) relating to a study of veterans exposed at Hiroshima or Nagasaki does not suggest that the same conclusions should be reached with respect to an epidemiological study of the morbidity of veterans exposed to radiation at the test sites. Thus, I believe that the subject of conducting a morbidity and a birth defects study to complement the NAS mortality study in progress merits further consideration by the VA.

I would appreciate your views on these most important matters as well as information on the current timetable for the issuance of the final Guidelines. I know that you share my concern that our Nation's veterans be treated fairly.

With warm regards,

Cordially,

Alan Cranston
Ranking Minority Member

Enclosure

cc: Honorable Everett Alvarez
Dr. Donald L. Custis
Dr. Frank Press

WASHINGTON (UPI) -- ANGRY AND SCARRED VETERANS WHO CLAIM THEIR PROBLEMS ARE DUE TO EXPOSURE TO ATOMIC TEST BLASTS IN THE 1950S WON A PLEDGE FROM CONGRESS TO HOLD HEARINGS ON THE SUBJECT NEXT YEAR.

THE NATIONAL ASSOCIATION OF ATOMIC VETERANS, REPRESENTING 250,000 MEN WHO WERE EXPOSED TO 235 ABOVE-GROUND ATOMIC TESTS FROM 1945 TO 1963 OR WHO SERVED IN HIROSHIMA AND NAGASAKI AFTER THE JAPANESE CITIES WERE DESTROYED BY ATOMIC BOMBS, SUCCESSFULLY LOBBIED MONDAY WITH CHAIRMEN OF THE HOUSE AND SENATE VETERANS COMMITTEES.

AT AN EARLIER NEWS CONFERENCE, THEY EXPRESSED ANGER -- IN SOME CASES THEY WERE NEAR TEARS -- AT THE DEFENSE DEPARTMENT'S AND VETERANS ADMINISTRATION'S REFUSAL TO CERTIFY THE MEN AS HAVING SERVICE-CONNECTED DISABILITIES.

"OUR PEOPLE ARE DYING AT AN ALARMING RATE FROM CANCER AND OTHER DISEASES AND GOVERNMENT AGENCIES REFUSE TO HELP," SAID JOHN SMITHERMAN OF FAYETTEVILLE, TENN., A LEGLESS VETERAN WHOSE LEFT HAND IS DEFORMED BY DETERIORATION OF HIS LYMPHATIC SYSTEM.

BUT VA SPOKESMAN JOHN HICKMAN CALLED THE VETERANS' CHARGES OF A COVERUP "UTTER NONSENSE" AND SAID ANYONE WHO BELIEVES HE WAS EXPOSED TO RADIATION IS GETTING FREE TREATMENT AT AGENCY HOSPITALS. HE SAID 2,882 VETERANS HAVE ASKED FOR TREATMENT.

ANSWER 3.

I have reviewed your letter of October 15, and while I have been briefed generally as to issues regarding compensation and health care for veterans exposed to ionizing radiation, it would be premature for me to express opinions concerning the very specific recommendations you have made. I understand an Agency reply is in final stages of its coordination, and should be ready shortly.

I have also been apprised of your early and enduring interest in these important issues, and very much look forward to working with you and other Committee members in shaping appropriate Government responses. As mentioned earlier regarding Agent Orange exposure, I am committed to fulfilling the VA's commitment to these veterans.

QUESTION 4. As you know, there has been considerable interest for some time now in the development and enactment of a program of educational incentives designed to enhance recruitment and retention in the All-Volunteer Force. In light of your experience at the Department of Army, I'm certain you have views regarding such a program.

A. What are your thoughts on the role of educational incentives as a recruitment and retention device and on any specific elements that such a program should or should not include to meet the needs of the Army and the Armed Services generally?

B. In your opinion, how adequate has VEAP been, or can it be made (and how), in meeting these needs?

C. As you may be aware, I have proposed that any GI Bill-type program enacted at this time be a "triggered" program -- that is, that it include the statutory framework for the program along with a mechanism that would provide authority to the President to determine when the program would become effective. This mechanism is set forth in an amendment (attached) I introduced in October -- Amendment No. 3623 -- to my proposal for an All-Volunteer Force educational assistance program (S. 417). What are your thoughts on the merits of this type of triggering approach?

ANSWER 4.

4A. I believe it fair to say that the primary incentives to recruitment and retention of active duty military personnel are adequate pay and related benefits. This subject has been addressed in recent legislation enacted by the Congress and I believe we are seeing positive results. Educational benefits do play an important role in recruitment. However, the armed forces are adequately meeting their manpower needs. I support the Administration's position that no new educational incentives are needed at this time and I also support the Administration's position favoring continuation of the VEAP program and removal of the December 31, 1989, termination date for the current GI Bill program.

4B. It appears, based on reports from the military services, that VEAP with its kickers and other incentives are working.

4C. As you noted on September 29, 1982, in introducing Amendment No. 3623 to S. 417, your proposed peacetime GI Bill education program, restoration of GI Bill benefits at this time may be premature. Since it is not known what conditions may arise in the future which might trigger a need for a new program, I believe it is questionable what those future needs would be. Based upon past experience, I am confident that if the circumstances warrant a new education program for service members, there would be a bipartisan effort on the part of all parties concerned to enable us to respond at that time.

QUESTION 5. As you may know, the last cost-of-living adjustment in GI Bill benefits -- a 10-percent increase -- was enacted in Public Law 96-466 and was fully effective on January 1, 1981. Do you see a need for the enactment of a cost-of-living adjustment in these benefits next year in light of the effect of inflation on their value to the veterans pursuing GI Bill training or education?

ANSWER 5.

I realize, of course, that educational costs have risen in recent months. Quite frankly, I have not had the opportunity to study this problem in depth and before taking any position I would want to explore this matter with the Chief Benefits Director and other Administration officials.

QUESTION 6. Section 220 of title 38 -- as it was expanded by section 701 of Public Law 96-466 -- requires the Administrator to seek to achieve maximum feasible effectiveness, coordination, and inter-relationship of services among all Federal programs and activities affecting veterans and to promote actively effective implementation of all provisions of law and regulations providing for special consideration, emphasis, or preference for veterans.

A. How would you carry out this responsibility, especially with respect to establishing an institutional capacity in the agency to monitor these other programs so as to give you a realistic opportunity to promote their effectiveness?

B. Specifically, would you affirmatively undertake under section 220 to be alert to and involved in the formulation of all Federal government policy that would or might directly affect VA programs or veterans and their dependents?

C.(i). Have you received assurances from the President, the Director of the Office of Management and Budget, the Secretaries of Health and Human Services, of Labor, and of Education, and other agency or department heads that they would include you at a very early stage in the formulation of any such policies that are within their jurisdictions?

(ii). If not, are you seeking such assurances?

ANSWER 6.

A. As I have not yet had an opportunity to fully review the existing organizational structure and programs established by the Veterans Administration for carrying out this responsibility, I am not prepared to provide a definitive response to the question. However, I assure you I will delve into this matter and insure proper coordination with other Federal agencies.

B. Yes.

C (i). While I have not yet specifically sought or received such assurances from the President, the Director of the Office of Management and Budget or other Agency or Department Heads, I have no reason to believe that they would not be given upon request.

C (ii). Once I have established the organizational structure within the Agency to carry out these responsibilities, I will seek such assurances.

QUESTION 7. An issue on which I've focused considerable attention during the past year has been the proposal to relocate the Office of Construction from 811 Vermont Avenue to 941 North Capitol Street. I wrote to Administrator Nimmo on three occasions regarding this matter and expressed my reservations about the proposal. I'd like to take this opportunity to share this exchange of correspondence with you. (Copies of letters are attached.)

Will you review this situation carefully and report to the Committee on your findings and conclusions regarding this proposal?

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

MARCH 19 1982

Honorable Alan Cranston
United States Senate
Washington, D.C. 20510

Dear Senator Cranston:

I would like to inform you of a planned change in the Agency's use of certain construction funds.

The Agency's "Construction, Minor Projects" appropriation provides funds for constructing, altering, extending and improving any VA facility where the estimated cost of a project is less than $2,000,000 and for costs of the Office of Construction. Prior to FY 1980, within that appropriation, a request was made annually for an "Administrator's Discretionary Fund." This fund currently contains approximately $817,000 in an unobligated balance available until expended. The Agency now intends to expend up to $250,000 of those funds for the Office of Construction, as described in the ensuing paragraphs.

Shortly after my appointment in July 1981, I was made aware of the critical space problem that existed in the VA Central Office. A thorough and complete review and analysis of the situation was directed to determine the most cost-effective utilization of space to promote the highest level of overall operational efficiency. The results of this review led to the determination to reverse the decision of the former Administrator to relocate the Board of Veterans Appeals and instead to relocate the Office of Construction to 941 North Capitol Street.

This decision was based on the fact that in addition to the space being renovated on the 2nd and 6th floors at 941 North Capitol Street, approximately 55,000 square feet, there existed underutilized space on the other floors totaling about 15,000 square feet. Through an organizational consolidation, another 18,000 square feet of space was identified for a total of almost 88,000 square feet. The Office of Construction presently occupies 78,400 square feet of space at 811 Vermont Avenue and can effectively and efficiently relocate into the space available at 941 North Capitol Street. Full utilization of the space at that site is dictated by the fact that the Government has a favorable lease with twelve years remaining on its term.

The move would then permit the VA Central Office to eliminate organizational fragmentation by backfilling the 78,400 square feet of space in 811 Vermont Avenue and to achieve the objective of ensuring cost-effective, efficient space utilization for the VA Central Office.

This is so because the VA is currently leasing approximately 15,000 square feet of space at the Webb Building in Ballston, Virginia, at an annual cost of approximately $145,000. The Webb Building unit will be relocated into backfill space at Vermont Avenue. Additionally, it is the Agency's objective to terminate 4,000 square feet of downtown leased space and 7,100 square feet in Hyattsville. The total annual cost of the three locations exceeds $300,000. While the actual costs have not been finalized, the $250,000 expense, even when combined with the $700,000 spent to date on renovations on behalf of the Board of Veterans Appeals, compares favorably with the $300,000 annual lease savings. The $950,000 total expense will be amortized over about three (3) years.

The FY 1982 "Construction, Minor Projects" appropriation contains a "General Administration" account to provide for the expenses of the Office of Construction. The Agency plans to use funds from that account to pay for the costs of moving the employees, furniture, and equipment of the Office of Construction from 811 Vermont Avenue to 941 North Capitol Street. If sufficient funds are not available in that account to cover the actual expenses, a reprogramming request will be submitted. While it is premature to obtain formal cost estimates, the expenditures are not expected to exceed $55,000 to move Construction's employees and furniture and $102,000 to relocate its special equipment. An additional $55,000 will be required to install telephones.

In addition, the Agency has commenced the process of renovating other space at 941 North Capitol Street to enable the Washington Regional Office, Department of Veterans Benefits, to consolidate its operations in that building. The consolidation will cost an estimated $275,000, but will allow the Agency to fully utilize 15,000 square feet of space which is now underutilized. Funds for that project are available as a minor construction project and do not require any budget changes.

The Agency will also incur other expenses related to the realignment of personnel and equipment in various Departments and Staff Offices. It is expected that those costs will be minor and funded from the General Operating Expenses (GOE) and Medical Administration and Miscellaneous Operating Expenses (MAMOE) appropriations. The GOE and MAMOE funds are designated to cover such expenses and do not require any budget changes.

Thank you for your continuing interest in our programs and operations.

Sincerely,

Chuck Hagel

Deputy Administrator - In the absence of

ROBERT P. NIMMO
Administrator

ALAN K. SIMPSON, WYO., CHAIRMAN
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United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, D.C. 20510

April 22, 1982

Honorable Robert P. Nimmo
Administrator of Veterans' Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Dear Bob,

Thank you for your letter of March 19 and for advising me of your plans to relocate the Office of Construction (OC), rather than the Board of Veterans' Appeals (BVA), to 941 North Capitol Street. I am writing to express certain concerns that I have regarding that decision and to request additional details.

First, it has come to my attention that on November 24, 1981, the General Services Administration wrote to the VA raising concerns regarding the proposal to move OC to that location. I'm enclosing a copy of that letter for your reference. I would appreciate receiving a copy of any response you made to GSA or, if no written response was made, your views on the concerns raised by GSA. I would also like to know the effect on your plans to move OC to the North Capitol space of GSA's position that "under no circumstances would [it] consider rebuilding a computer facility [which OC would require] similar to the one just removed at [that location]."

Second, I would appreciate learning the reasons why you decided against proceeding with the relocation of the BVA to North Capitol and backfilling whatever space at that location and 811 Vermont Avenue that moving BVA would leave available. From the information you provided, it appears that that approach would not only save the $300,000 annual cost of leasing the space in Ballston, Hyattsville, and downtown Washington that you noted in your letter, but avoid wasting the $700,000 you indicated has already been spent on renovations for the BVA's use of the North Capitol space. In addition, such an approach would save the very substantial amount that would be required to prepare the North Capitol offices for OC use. In responding to this request, would you please provide cost estimates comparing the costs of moving the OC and the Ballston, Hyattsville, and downtown units to North Capitol with the costs of moving the BVA to North Capitol and the other three units to either the Vermont Avenue or North Capitol locations.

Finally, I would be interested in learning whether or not the proposed fiscal year 1983 increase in rents charged by GSA has been taken into account in connection with this relocation proposal and what impact it will have on your plans.

As always, I am very grateful for your cooperation, and I look forward to receiving your response.

With warm regards,

Cordially,

Alan

Alan Cranston
Ranking Minority Member

Enclosure

GSA
General Services Administration
National Capital Region
Washington, DC 20407

NOV 24 1981

Mr. Frank DuGeorge
Associate Deputy Administrator
for Administration
Veterans Administration
810 Vermont Avenue, NW.
Washington, DC 20420

Dear Mr. DuGeorge:

This is in reference to a Reimbursable Work Authorization for renovations on the second and sixth floors of 941 North Capitol Street, NE.

This project, totaling $700,000 was submitted by your agency on July 14, 1980, for relocation of the Board of Veterans Appeals (BVA) from the Federal Building at 811 Vermont Avenue, NW., to the North Capitol Street location. The project included dismantling a computer area. Alterations are scheduled for completion by the end of November 1981.

Recently, the General Services Administration (GSA) was verbally informed that BVA will not be backfilling the space, but your agency's Office of Construction (OC) will be moving to the North Capitol Street location. The OC's function requires construction of a computer area similar to that just removed. In the past, the General Accounting Office rulings have severely criticized GSA for permitting the installation of computer facilities in leased space rather than federally-owned buildings. This was based on the exorbitant cost involved in constructing a facility of this type together with the uncertainty of the terms of the lease. Accordingly, it is GSA's policy to locate these facilities in federally-owned space except in extreme emergencies. However, under no circumstances would we consider rebuilding a computer facility similar to the one just removed at the above location.

GSA has determined that BVA should occupy the space since it was designed for their use and is ill-suited for OC. It would not be in the best interest of the Government to renovate this space to accommodate OC after having spent $700,000 in alterations this year at this location. If your agency determines that this space can no longer meet your requirements due to the above-mentioned decision, Federal Property Management Regulation 101-17.204 permits you to relinquish space to GSA upon 120 days prior notice.

If you have any questions, please have a member of your staff contact Ms. Carolyn Aman of my staff on 472-1711.

Sincerely,

JOHN T. MYERS
Assistant Regional Administrator
Public Buildings Service

Office of the
Administrator
of Veterans Affairs

Washington DC 20420

Veterans
Administration

MAY 12 1982

Honorable Alan Cranston
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Cranston:

I am pleased to respond to your letter of April 22, 1982, regarding the relocation of the Office of Construction from 811 Vermont Avenue to 941 North Capitol Street.

I have enclosed a copy of the Agency's December 15, 1981, response to the General Services Administration's (GSA) November 24, 1981, letter. Mr. Frank DeGeorge, Associate Deputy Administrator for Administration, followed up on his written explanation by meeting with Mr. Bertrand G. Berube, Acting Regional Administrator of GSA, and other key GSA officials on January 19, 1982.

In response to the concerns expressed by the GSA, the Agency took a hard look at the alterations proposed by the Office of Construction at 941 North Capitol Street. As a result, the computer center proposed for the seventh floor was cancelled. While the new center was designed to occupy only 2,500 square feet in contrast to the old 9,500 square foot facility on the second floor, the estimated $330,000 cost was considered unacceptable. Minor alterations on the second and sixth floors to accommodate Construction's essential minicomputers and Plan Library Information and Retrieval System (PLIARS) equipment were considered more appropriate.

Several other features of the project proposed by Construction were also changed markedly. The net effect was a downscaling of the $922,000 project to an effort that will cost less than $250,000 for work on the second, sixth, seventh and ninth floors at 941 North Capitol Street. The GSA officials have been fully briefed on the revised project agenda, have agreed to the approach, and have accepted the requisite paperwork for processing and contract award.

In response to your second area of inquiry, the decision to relocate the Office of Construction in lieu of the Board of Veterans Appeals (BVA) was dictated primarily by the total amount of space available at 941 North Capitol Street. In addition to the approximately 50,000-55,000 square feet on the second and sixth floors, underutilized space on the other floors totals about 15,000 square feet, as reported by an Inspector General audit. Through an organizational consolidation, another 18,000 square feet will be available for a total of about 83,000-88,000 square feet. The Office of Construction, presently occupying 78,400 square feet of space at 811 Vermont Avenue, can most effectively and efficiently occupy the total available space. Any other approach would have required the relocation of staff offices critical to the functioning of the Agency's Central Office and may well have involved splitting one or more staff offices between different sites.

I would stress that the $700,000 renovation of the second and sixth floors will not in any fashion be wasted. The Office of Construction will occupy those areas with only minor alterations currently projected to cost $52,000 plus the minicomputer and PLIARS related expenses.

The expenses to relocate the Office of Construction are estimated to not exceed $55,000 to move its employees and furniture, $55,000 to install telephones, and $102,000 to move special equipment. Estimates have not been prepared for the costs of moving the Ballston, Hyattsville, and downtown units to either North Capitol Street or the Vermont Avenue sites; however, there would be only minor variations in total costs.

The real comparison that you are seeking is between the cost of moving Construction alone to North Capitol Street against the cost of moving BVA and other VA employees to North Capitol Street. For example, the cost of moving Construction could be compared with the cost of moving BVA and one or more staff offices. Since it can be assumed that about the same number of employees would be moved into the available space and that the same number of telephones would be installed under either scenario, the primary difference would only arise from the $102,000 for special equipment.

A quick check on estimated costs indicates that BVA would need to spend around $10,000 to relocate its Four-Phase system and an undetermined amount for several other items. Any other staff office accompanying BVA could also be expected to incur costs to relocate its special equipment. As an example, the Office of Data Management and Telecommunications (ODM&T) would have to transfer essential equipment (not including its satellite support facilities) at a probable cost of $84,000. The net difference between Construction's $102,000 cost and the cost of BVA and another staff office(s) is not likely to exceed $25,000.

There is another relevant comparison. The nearly $250,000 to be expended by Construction for alterations could be compared with any additional expenditures necessary to accommodate BVA and the other staff office(s). While BVA should be able to occupy the second and sixth floors with little additional work, the other staff office(s) probably would have to spend the $111,000 proposed by Construction for the seventh and ninth floors. In addition, the other staff office(s) quite likely would have special needs. For example, ODM&T would require special alterations for its equipment at a possible cost of $110,000. The net difference between Construction's $250,000 and the cost of BVA and an accompanying staff office is not likely to exceed $50,000.

In sum, the decision to move Construction may involve extra moving costs of up to $25,000 and added alteration expenses of $50,000, a grand total of $75,000. That figure can be regarded as the expense that this Agency is willing to pay to maximize the overall productivity and efficiency of its Central Office operations, including the Office of Construction. I trust that you will concur that several years of optimum operation outweigh that one-time expense. Of course, there is the important consideration that BVA's current location is much more convenient for the Nation's veterans due to its proximity to Metro and several service organizations.

With respect to the anticipated FY 1983 increase in GSA rent charges, I can assure you that the Veterans Administration's Central Office is doing everything necessary to minimize the total amount of space used by its employees. Whether Construction or BVA et al were to move to North Capitol Street, the same total amount of space would be required and utilized. The Agency's local space usage is very tight and GSA has closely examined the utilization factors involved in our plans.

Your interest in this relocation action is most understandable and the questions you have raised are appropriate. However, I am confident that you will find the rationale to be compelling since it supports the Agency's long-term best interests.

Sincerely,

Bob

ROBERT P. NIMMO
Administrator

Enclosure

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

December 15, 1981

Mr. Bertrand G. Berube
Acting Regional Administrator (WA)
General Services Administration
7th and D Streets, SW.
Washington, D. C. 20407

Dear Mr. Berube:

I have received a letter from Mr. John T. Myers, Assistant Regional Administrator, Public Buildings Service, dated November 24, 1981, (copy enclosed) which greatly concerns me. He has stated in his letter that GSA has determined that our Board of Veterans Appeals (BVA) should occupy space being renovated on the 2nd and 6th floors at 941 North Capitol Street rather than our Office of Construction.

However, on August 27, 1981, our Administrator, Mr. Robert P. Nimmo, determined that the space on those floors together with space on the 1st, 7th and 9th floors will be occupied by our Office of Construction.

If in fact a decision has been made within GSA contrary and subsequent to the Veterans Administration's determination, I request that you assist me in resolving this difference through a review of all relevent material.

In order to assist you, I would like to bring to your attention facts and information bearing on the decision which has been made by the Veterans Administration.

The Veterans Administration currently subleases from GSA a total of 178,076 net square feet of space at an annual cost of $1,582,228 at 941 North Capitol Street on the 1st, 2nd, 6th, 7th, 8th and 9th floors. This space is leased through September 3, 1994.

The VA has had a long standing critical space problem — within our Central Office. The former Administrator in his attempt to resolve this problem had identified the Board of Veterans Appeals to be relocated from 811 Vermont Avenue into approximately 50,000 square feet of space on the 2nd and 6th floors of 941 North Capitol Street. This space had become available as a result of the deactivation of the Washington Data Processing Center at the end of September 1980. Plans were developed and provided to GSA in July 1980 to have these two floors renovated for the BVA. This work has been proceeding and is expected to be completed by February 1, 1982.

Our Administrator, shortly after his appointment in July 1981, was made aware of the critical space problem that existed in the VA Central Office. He requested a thorough and complete review and analysis of the situation to determine the most cost effective utilization of space to promote the highest level of overall operational efficiency. The results of this high level review lead to his determination to reverse the decision of the former Administrator to relocate the Board of Veterans Appeals and instead to relocate the Office of Construction to 941 North Capitol Street.

This decision was based on the fact that in addition to the space being renovated on the 2nd and 6th floors, approximating 50,000 square feet, there existed underutilized space on the other floors totaling approximately 15,000 square feet. Through an organizational consolidation, approximately 17,000 square feet of space was further identified for a total of approximately 82,000 square feet. The Office of Construction presently occupies 78,400 square feet of space at 811 Vermont Avenue and can effectively and efficiently relocate into the 82,000 square feet identified at 941 North Capitol Street. This move would then permit the VA Central Office to eliminate organizational fragmentation by appropriate backfilling of 78,000 square feet of space in 811 Vermont Avenue and obtain the objective of the Administrator to ensure cost effective, efficient space utilization for the VA Central Office.

This is so because the VA is currently leasing approximately 15,000 square feet of space at the Webb Building in Ballston, Virginia, at an annual cost of approximately $145,000. The Webb Building Unit will be relocated into the backfill space at 811 Vermont Avenue. The 15,000 square feet of underutilized space at 941 North Capitol Street carries an approximate annual cost of $132,000. Taken together, there is a current annual recurring cost of $280,000 which represents monies either unnecessarily or needlessly expended.

At this time it is reasonably estimated that an additional cost in the amount of $922,000 will be required to slightly alter some areas on the 2nd and 6th floors and to prepare areas on the 1st, 7th and 9th floors for the Office of Construction. With this one-time cost added to the approximate $700,000 expended for the 2nd and 6th floors, a total one-time investment by the VA of $1,622,000 is apparent.

When this investment of $1,622,000 is amortized over the remaining lease term of approximately 12 years through September 3, 1994 versus $280,000 of expenditures per year or expenditures of $3,360,000 for the lease term, a substantial cost savings to the VA in the amount of $1,738,000 is highly evident.

Mr. Myers' statement that, "GSA has determined that BVA should occupy the space since it was designed for their use and is ill-suited for the Office of Construction" is inaccurate. Our Office of Construction can occupy the space on the 2nd and 6th floors and it is not ill-suited for their use.

Mr. Myers' has stated that, "the Office of Construction's function requires construction of a computer area similar to that just removed." The computer facility which was removed was a fully operational data processing unit occupying approximately 9,500 square feet of space on the 2nd floor. The Office of Construction requires only 2,500 square feet of space on the 7th floor for its computer equipment. There is no similarity of need or intent as stated by Mr. Myers.

In summary, I am required to say that I believe that the VA made valid decisions with respect to the utilization of space at 941 North Capitol Street. If any decision has been reached within GSA contrary to our determination, I believe the decision of GSA should be reversed.

The opportunity to bring my concerns to your attention is appreciated and I look forward to having your reaction.

Sincerely,

Frank DeGeorge

FRANCIS D. DeGEORGE
Associate Deputy Administrator
for Administration (006)

ALAN K. SIMPSON, WYO., CHAIRMAN
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United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, D.C. 20510

June 23, 1982

Honorable Robert P. Nimmo
Administrator of Veterans' Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Dear Bob,

Thank you very much for your letter of May 12 in response to my letter of April 22 regarding the relocation of the Office of Construction (OC) from 811 Vermont Avenue to 941 North Capitol Street. I appreciate your prompt and detailed explanation. However, a number of questions remain on which I would appreciate hearing from you.

1. In your letter, you noted that, in response to the concerns expressed by the General Services Administration (GSA), the OC computer center proposed for 2,500 square feet on the seventh floor at 941 North Capitol Street was cancelled. Please provide a description of the planned computer center, what functions it would have served, and what effect its cancellation will have on OC operations.

2. What are the estimated costs of the minor alterations on the second and sixth floors of 941 North Capitol Street that are necessary to accommodate OC's computer system? Are those costs included in the $250,000 cost you noted would be necessary for work on the second, sixth, seventh, and ninth floors at 941 North Capitol Street?

3. You stated, "Several other features of the project proposed by Construction were also changed markedly." Please specify what these features are and what effect the changes will have on OC operations.

4. You noted that there is, according to an Inspector General audit, underutilized space on other floors at the North Capitol Street location. Please identify on which floors this space is located and in what fashion it is currently used. In addition, I would appreciate receiving a copy of the IG's audit report.

5. You stated that an "organizational consolidation" will make available another 18,000 square feet of space at North Capitol Street. Please provide additional details on the nature of this consolidation and the offices and numbers of personnel it involves. If what you refer to as a "consolidation" involves moving VA personnel from the North Capitol Street location, please state what the costs would be and why you did not mention them in your May 12 letter.

6. You note that "minor alterations currently projected to cost $52,000" will be necessary, in addition to the $700,000 already expended, for renovations on the second and sixth floors. Is that $52,000 cost included in the previously noted $250,000 cost estimate?

7. You noted that cost estimates have not been prepared for the costs of moving any of the outlying offices in Ballston, Hyattsville, and downtown D.C. to either the Vermont Avenue or North Capitol Street location. Since your proposal is to move these offices, I would appreciate it if you would develop and provide such estimates.

8. You stated that the "real comparison [I am] seeking is between the cost of moving Construction alone to North Capitol Street against the cost of moving BVA and other VA employees to North Capitol Street." However, there appears to be an option, which I previously noted, that is not being given consideration, that is, moving the Board of Veterans' Appeals (BVA) and the three outlying offices -- Hyattsville, Ballston, and downtown D.C. -- to North Capitol Street. Without the organizational consolidation that you indicated would add 18,000 square feet to the available space at North Capitol Street, there would be approximately 65,000 to 70,000 square feet available at that location. Since the BVA currently occupies 38,850 square feet at 811 Vermont Avenue and the offices at Hyattsville, Ballston, and downtown occupy a total of approximately 26,155 square feet (7,085, 15,045, and 4,025 square feet, respectively), it seems to me that moving the BVA and these three offices to North Capitol Street should be fully considered; it appears to be less disruptive than the example you cited of moving BVA and the Office of Data Management and Telecommunications. I would appreciate receiving your comments on why the former approach is not being considered, since outlying offices would move in either case.

9. I understand that there are considerable concerns relating to the live load capacities of the building floors at 941 North Capitol Street. What are those concerns and what steps are being taken to address them?

10. It would appear under your proposal -- assuming that OC were moved to North Captiol Street and the resulting vacant 78,400 square feet of space at 811 Vermont Avenue were backfilled by offices now located in Hyattsville, Ballston, and downtown (26,155 square feet) -- that an additional 52,245 square feet would be available at 811 Vermont Avenue to be backfilled. What organizational units do your plans contemplate moving into that space, and what are the costs of those moves?

11. I would appreciate receiving a complete timetable and cost estimate for the entire move you are proposing, including and identifying all offices involved, together with the timetable and costs that would be involved in moving the BVA, Hyattsville, Ballston, and outlying downtown offices to North Capitol Street.

Bob, I fully share your concerns for maximizing the overall productivity and efficiency of the Veterans' Administration. Nevertheless, it is not clear to me that sufficient consideration has been given to the very close coordination needed between the Office of Construction and the Department of Medicine and Surgery. Because of the need to foster and maintain a very close, collaborative relationship between those responsible for VA medical facility construction projects and those involved in the operation of the facilities, I do not see the advantages of separating these two VA operations by such a great distance when it appears that other options are available -- and particularly when those other options appear to be less expensive and may be programmatically less disruptive.

I look forward to hearing from you in response to the issues I have raised.

With warm regards,

Cordially,

Alan

Alan Cranston
Ranking Minority Member

cc: Bertrand G. Berube

Office of the
Administrator
of Veterans Affairs

Washington DC 20420

Veterans
Administration

JULY 9 - 1982

Honorable Alan Cranston
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Cranston:

I am pleased to provide this interim response to your letter of June 23, 1982, concerning the relocation of the Office of Construction from 811 Vermont Avenue to 941 North Capitol Street. I can assure you that the agency is actively addressing the series of questions raised in your letter. There is, however, a recent development that may impact on several aspects of our responses and that necessitates some delay.

As your Question 9 indicates, there have been considerable concerns about the live load capacities of the building floors at 914 North Capitol Street. The General Services Administration (GSA) was concerned that its files did not contain a written certification by a professional engineer of each floor's load capacity. On April 7, GSA requested that the building's property manager obtain and provide a written certification. On June 11, the building's architect certified the live load limits. GSA has verbally informed this agency that it should employ the certified limits to revise its floor layouts.

The Office of Construction (O/C) and the Department of Veterans Benefits (DVB) are now revising their floor layouts to optimize the use of space at 941 North Capitol Street. They will also be meeting with GSA officials to review those revisions. The revisions may result in a reallocation of space in the North Capitol Street building between the two organizations. Since the final space allocations may differ from present plans, a full response to your letter will be provided upon completion of O/C's and DVB's review of the impact of the certified live load limits on the currently planned floor layouts and upon finalization of any space reallocation found necessary.

If this approach to your inquiry does not comply with your needs, kindly inform me and I will provide as full a response as possible consistent with presently known circumstances.

Sincerely,

ROBERT P. NIMMO
Administrator

ALAN K. SIMPSON, WYO., CHAIRMAN
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GEORGE J. MITCHELL, MAINE

United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, D.C. 20510

September 8, 1982

Honorable Robert P. Nimmo
Administrator of Veterans' Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Dear Bob,

I am writing with respect to your letter of July 9, 1982, in response to mine of June 23, 1982, regarding the relocation of the Office of Construction (O/C) from 811 Vermont Avenue to 941 North Capitol Street.

Although I can appreciate the uncertainties that might complicate your response to each of the questions set forth in the letter of June 23 as a result of the revisions in floor layouts you described in your letter, I would greatly appreciate your responding to those questions at this time with, as you suggested in your letter, "as full a response as possible consistent with presently known circumstances."

In addition, could you please describe the projected time frame for the completion of O/C's and DVB's review of the floor layouts and the finalization of any space reallocation at 941 North Capitol Street and how any revision in your current plans will affect the projected time frame for the proposed move.

Thank you for your attention to this request.

With warm regards,

Cordially,

Alan
Alan Cranston
Ranking Minority Member

ANSWER 7.

I am generally aware of the Agency's plan to relocate the Office of Construction to 941 North Capitol Street and have read the correspondence between you and the Agency regarding this matter. It is my understanding that the Agency's senior managers have been discussing alternative courses of action with General Services Administration (GSA) officials. No final decisions have been made to date. For my part, I will carefully review any proposals to assure that the needs of the veterans and their programs, the tenant service organizations, and the Agency's employees and operations are properly factored into the decision process. I understand that the GSA officials are sensitive to our requirements and will assist us in any way possible, consistent with government-wide economy and efficiency.

QUESTION 8. What will be the responsibilities of the Deputy Administrator if you are confirmed as Administrator?

ANSWER 8.

Personally, I expect to rely on Everett's wide-range of unique experiences and managerial abilities while in the military and the Executive Branch to assist me in my management decisions. I intend for him to be an active, fully participating member of the management team at the Agency.

QUESTION 9. When the previous Administrator took office, there were 17 schedule C -- political appointee positions -- in the VA.

A. Is this still the case?

B. How many of these positions are filled at present?

C. Do you have plans for reorganizing the Administrator's Office or replacing any individuals now filling these positions?

D. [If so] Please describe your organizational plans in this regard and provide a timetable for implementation.

ANSWER 9.

A. No. Those 17 positions reflected the number allocated to the VA when the Agency had delegated appointment authority for Schedule C positions. Since the Office of Personnel Management (OPM) rescinded that authority for the VA - and all Federal agencies - there has been no specific number of Schedule C positions authorized. All appointments to Schedule C positions must be approved by OPM.

The VA still retains the authority to make up to 10 non-career Senior Executive Service (SES) appointments.

B. Currently there are 12 Schedule C appointees in grades ranging from GS-9 to GS-15, and 7 non-career SES appointees on the Agency's rolls.

C. I am in the process of being briefed on, and familiarizing myself with the organization of the VA as a whole, including those components of the Office of the Administrator. At this time I have no immediate or specific plans to reorganize the Office or make any personnel changes. Moreover, I would not anticipate making any changes until I have had the opportunity to fully assess the functions and operations of the Office.

D. Of course, I plan to bring with me a personal secretary and an executive assistant.

QUESTION 10. The VA's collection of debts owed to the Federal Government as the result of overpayments of VA benefits and defaults on VA loans is a matter of particular importance to the Committee. I am particularly concerned that adequate resources are available to permit the agency to conduct debt-collection efforts to the full extent that they would be cost effective.

A. Please review the staffing, computer, and other resources of the VA and advise the Committee whether you believe additional resources are needed beyond those currently available in order for the VA to make an optimal debt-collection effort. (Please explain how you arrived at your answer in terms of the amounts of various categories of resources that could be used cost-effectively in such an effort.)

B. In the event that the VA's resources are not adequate, will you actively seek to obtain such resources as may be necessary, both in terms of supplemental funding for FY 1983 and the FY 1984 budget?

ANSWER 10.

I am equally concerned about the large amount of debt owed the VA which has resulted through the participation in various benefit programs. As you know overpayments in the education program is the primary source of these debts.

A FY 81 analysis of this program by the ADA for Budget and Finance demonstrated that for each dollar spent, $5.16 was collected. For FY 82, the Agency's accounts receivable were reduced by $358 million in cash collected and offsets from benefits. I understand this program involves staff and resources from practically all departments and staff offices and is under the direction of the Associate Deputy General Counsel.

It is too early for me to determine if additional staff and resources will be needed to maintain an adequate program. If I do determine this, you may be assured that I will seek these resources through the appropriate process.

QUESTION 11. In light of the rapidly increasing number of veterans over the age of 65, a trend that will continue for many years as the World War II and Korean conflict veteran populations age, what are your plans for the following:

A. Funding and otherwise supporting the geriatric research education, and clinical centers (GRECC's) authorized by title III of Public Law 96-330?

B. Providing increasing numbers of acute and long-term care beds in VA facilities to meet the health-care needs of this population?

C. Helping meet those needs through the State veterans' home program and through contract nursing home care?

ANSWER 11.

A. The Geriatric and Gerontology Advisory Committee, established pursuant to Public Law 96-330, has visited the eight existing GRECC's and will be issuing a report of its findings to the Congress by April 1st of next year. I will be better able to assess the needs of the program and the direction it should take after reviewing the Advisory Committee's findings.

B. It is my understanding that the age of the veteran population served by the VA is a key factor considered in the planning methods used to determine bed needs in VA health care facilities. I would hope to apply the most reliable planning tools available to establish a basis for providing both acute and long term care beds to serve the needs of aging veterans.

C. The State home and contract nursing home programs have been important elements in the VA's efforts to provide care to veterans. As Administrator, I would support continued reliance on those programs as part of the Agency's efforts to meet the needs of aging veterans.

QUESTION 12. A. To the extent that some Vietnam veterans have continuing needs or concerns arising from their service, do you believe that the Federal Government's programs to meet these needs are adequate?

B. [If not] What specific new programs, or changes in existing programs, do you believe are needed or may be needed?

ANSWER 12.

A. It seems clear that many Vietnam veterans remain troubled by the scars of their wartime experience and post-war adjustment efforts. It appears to me that the Veterans Administration's readjustment counseling program is an important and innovative effort to heal psychological wounds and help in the readjustment and rehabilitation of these young veterans.

B. As Administrator I will study the very question you pose. In that connection, VA officials are presently engaged in evaluating the readjustment counseling program and assessing future needs and means by which these needs may be met. I intend to follow these studies carefully.

QUESTION 13. A September 24, 1982, GAO report, entitled "Actions Needed to Insure that Female Veterans Have Equal Access to VA Benefits" (GAO/HRD 82-98) reinforced my belief that the VA must do a better job to make sure that eligible women veterans are provided fair access to health-care services from the VA?

A. Do you believe there is a need for the VA to improve its record in this regard both in the areas of outpatient and inpatient care?

B. Please comment on the desirability of each of the following methods recommended by GAO for improving female veterans' access to outpatient gynecological care through the VA.

(i) Negotiating sharing agreements with DOD (by using the authority provided in Public Law 97-174).

(ii) Using fee-basis care through private gynecologists (as section 4(1) of the Senate-passed version of H.R. 6350 (97th Congress) would have authorized).

(iii) Developing greater in-house capability.

ANSWER 13.

A. It is my understanding that the VA recently advised Congress of its views on that report. In its response, VA reported that it has already undertaken a significant number of activities designed to insure that female veterans have access to veterans' health benefits. I am not yet in a position to gauge whether further improvements are needed. Certainly VA's responsibilities in this area are not to be taken lightly.

B. I am not yet sufficiently familiar with this subject to provide definitive comments on the desirability of using the three methods listed by GAO for improving female access to out-patient gynecological care, i.e., sharing agreements with DoD, fee basis care from private OB-GYN specialists, and increasing the VA in-house capabilities. In general, though it would seem prudent to provide needed care first in VA facilities, if available, second, in DOD and other Federal facilities, if available, and only last, from private OB-GYN specialists on a fee basis, if such authorized care is not available from Federal facilities. At the same time, in line with the increasing percentage of females in military service and female veterans, I would seek to reflect such increase in the long-range planning for construction and renovation of VA medical facilities.

QUESTION 14. The VA has been trying for two decades to develop automated data processing (ADP) capabilities in its medical centers. Yet today most of these medical centers are still operating without substantial benefit of this capability. Overall, the VA health-care system is many years behind where it should be in terms of benefiting from the contributions to patient care that ADP can provide.

During the 1970's, VA efforts to develop ADP capabilities in its medical facilities were stalled largely by Office of Management and Budget insistence on strict adherence to the centralized, long-term planning requirements of OMB circular A-109. In 1981, OMB sent signals that it would no longer insist on compliance with that circular with respect to certain VA medical ADP procurement.

This freed the VA to consider more practical, less centralized alternatives, and on February 18, 1982, the Administrator of Veterans' Affairs, upon the recommendation of then-Deputy Administrator Chuck Hagel and Chief Medical Director Donald Custis, issued an "Executive Order" that established practical policy guidance for the development of decentralized ADP capabilities in the Department of Medicine and Surgery (DM&S) facilities. The executive order was seen by many in the Congress and in the field in DM&S as a promising development because it seemed to represent a clear-cut, decisive approach with the express, primary goal for medical ADP of meeting clinical needs. Moreover, it appeared that the Administrator would support the policy and follow through on it. However, the policies and direction established in the executive order began to erode as Mr. Hagel, who had been charged with overseeing its implementation, left the agency in early summer.

On August 13, the executive order was revised by Circular 00-82-31, issued by the Administrator and entitled "DM&S Decentralized Hospital Computer (DHC) Program". That circular is virtually incomprehensible as a delineation of programmatic responsibilities. It also represents a major departure from the progmatic decentralization model reflected in the executive order and deviates from the assurances provided to the Congressional authorizing Committees in hearings and briefings earlier this year on plans for ADP development in DM&S.

Currently, it seems -- although the fact is rarely articulated and is most notably absent from the August 13 Circular -- that the VA is pursuing three separate paths in medical computer development. These involve the "decentralized" system, the Computerized Medical Information Support System (COMISS), and commercial systems referred to as the Integrated Hospital System. Committee staff has been informed that a decision as to which of these courses of development the agency will settle on will be made in late March 1983. However, it is not clear who will make this decision or what criteria will be used to evaluate the competing systems.

Unfortunately, the terms "centralized" and "decentralized" computer systems were perhaps never the most precise of descriptive terms for the VA field-developed and central-office (Office of Data Management and Telecommunications (ODM&T)) developed systems. The terms were not defined and have now been totally obfuscated in what appear to be efforts of one bureaucratic interest or another to gain ground without hoisting the flag. Thus, the letter transmitting the Administrator's Circular 00-82-31 states that it "clarifies and supplements [the] executive order of February 18, 1982" and that it "does not depart from the concept of decentralization". However, the Circular contains directives relating to the development of both "centralized and "decentralized" ADP systems. For example, the Associate Deputy Administrator for Information Resources Management is to "[d]evelop and recommend to the Administrator information resources management policies and directives including those related to centralized or decentralized ADP and telecommunications systems".

A September 1982 publication of ODM&T, entitled "VA ADP Telecommunications Plans Fiscal Years 1984-1987", heightens my concern about undirected, self-promoting activities in the agency regarding medical ADP. Under the heading "DM&S Initiative", section 4.3.1, the ODM&T plan describes COMISS development initiatives aimed at a large scale, heretofore unannounced, expansion of COMISS -- a system that may be too oriented towards information collection and dissemination at the expense of health-care-service enhancement and the local flexibility needed by the various 172 medical centers in providing those services. Moreover, COMISS is a direct descendant of APPLES, an approach that the agency only six months earlier had declared it would expand no further. This planned COMISS expansion would extend far beyond 21 sites -- the number of facilities at which, then-Deputy Administrator Hagel advised this Committee in a May 5 hearing, it proposed to utilize APPLES -- and result in "complete implementation of COMISS" in 1985 in Medical District 27. However, four of the six medical centers in this district are currently designated as Phase I hospitals -- hospitals acquiring non-COMISS ADP capability -- under the "decentralized" plan and already have and are using some medical ADP equipment.

Such blatant inconsistencies in published agency plans are very troubling in terms of those attempting to understand and take guidance from the issuance and in terms of the effectiveness of executive leadership within the agency.

VA medical ADP efforts have thus become a classic example of bureaucratic infighting and of start-and-stop, directionless management, and many in the Congress have lost confidence in the agency's ability to manage this effort effectively.

I believe that restoring effective leadership and management with respect to medical ADP issues must be a high priority of the new Administrator. Clear definitions and unambiguous goals must be established -- or reestablished -- and a positive direction outlined in order to sort out the present confusion and get back on a road to progress. Against this background, which I set forth to provide a perspective on how the situation appears from the standpoint of the Congress, I have the following questions.

A. What role do you intend to assume in determining, and directing the implementation of, medical ADP policies?

B. Do you agree that the primary goal of the use of ADP technology should be enhancement of patient care rather than information retrieval and dissemination *per se*?

C. What do you view as the appropriate role of the Chief Medical Director in making and implementing policy decisions related to medical ADP?

D. What steps (particularly in the next 60 days) do you plan to restore the confidence of the Congress and build trust at your medical centers in the ability of VA central management to develop and implement a coherent program to establish ADP capabilities at its medical centers?

E. What are your views regarding the wisdom of pursuing three separate paths of medical computer-capability development?

F.i. Do you believe that the agency can afford to wait until March to redirect its medical ADP efforts? Why?

ii. Do you plan to make this decision -- either in March or earlier? [If not] Who will make it?

iii. What do you believe are the appropriate criteria to be used in making this decision?

G. What is or will be the effect on the VA's medical ADP plans of the $35 million limitation in the FY 83 Appropriations Act (P.L. 97-272) on the funding that can be obligated for medical ADP without the approval of the Appropriations Committees?

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

FEBRUARY 18 1982

Honorable Alan Cranston
United States Senate
Washington, D.C. 20510

Dear Senator Cranston:

I am transmitting to you a copy of my executive order regarding a new policy for the use of computers and ADP policy in Veterans Administration medical operations. This change represents a new approach by the VA in order to provide increased effectiveness in veterans' health care. The new approach specified in the order allows us to make better use of our resources and facilities.

Sincerely,

ROBERT P. NIMMO
Administrator

Enclosure

Veterans
Administration

Memorandum

Date February 18, 1982

To: Chief Medical Director (10)

Subj: Executive Order regarding ADP Policy in DM&S medical operations

1. Accompanying this memorandum is an Executive Order which specifies a new policy for computers and ADP in DM&S medical operations. As you have responsibility for VA health care programs, I would like you to implement this order and transmit it to the field.

2. Thank you for your help and cooperation.

ROBERT P. NIMMO
Administrator

Attachment

ADMINISTRATOR'S EXECUTIVE ORDER ON COMPUTERS AND ADP POLICY IN THE VETERANS ADMINISTRATION DEPARTMENT OF MEDICINE AND SURGERY (DM&S)

I. Purpose

This order establishes a new policy for use and control of computers and ADP technology by the VA Department of Medicine and Surgery (DM&S). The new policy shall be one of computer decentralization (generically known as distributed data processing) in VA medical center operations.

II. Background

One of my first major management directives as Administrator was to set in motion an analysis and re-examination of the agency's overall ADP plans and programs. I designated the Deputy Administrator as the agency's ADP Executive and gave him overall charge and direction of the agency-wide ADP review and reassessment. Concurrent with that re-examination, a "hold order" was placed on all ADP activities. A review team was organized to address the issues and problems concerning ADP and computers. That review team has spent several weeks examining VA ADP activities and has issued its first set of recommendations to me. The team established as its highest review priority, the application of computers and ADP to medical operations and VA medical centers. As a result of my appraisal of the work of the ADP review team and its analyses and recommendations, I am directing a new computer and ADP strategy for DM&S which I believe will move the agency forward and provide increased effectiveness in the delivery of medical care to America's veterans.

III. Implementation

This order is intended to provide positive management direction to all organizational elements of the VA associated with the implementation and application of computers and ADP to medical operations. The tasks and assignments which I am directing to be completed are as follows:

1. DEPARTMENT OF MEDICINE AND SURGERY (DM&S)

I am directing decentralization of computers and ADP policy in VA medical centers in order to provide an on-board computer capability for each medical center to the greatest extent possible. The purpose of this is to give medical center directors maximum opportunity for local initiatives in the increased use of computer and ADP technology.

In this connection, I want to acknowledge the magnificent work in ADP medical applications that many dedicated VA field employees have completed often in the face of serious constraints. These modular subsystems are now available for use in all VAMC's. Therefore, through generic distributed data processing (decentralization), control and ownership of hardware and software will pass to the user (VA medical center). However, I am also directing that ten percent of any medical center's main computer capacity be reserved for management information reporting requirements which will be defined in detail in the near future. In that regard, I am directing the Chief Medical Director (Dr. Donald L. Custis) to overhaul DM&S management information requirements within 90 days with a view toward streamlining management reports. Unneeded, duplicative, and costly reports must be eliminated. Further, I am directing the VA Controller (Conrad R. Hoffman) to overhaul reporting and statistical requirements in the same manner as DM&S. These changes will help the agency in its paperwork reduction efforts. In addition, as Administrator, I will specify in the near future my own set of concise, summary management report items. We may find that the ten percent figure will be too large and therefore, any excess capacity will be returned to individual medical centers for their own use.

With the advent of decentralization and an on-board computer capability, I expect each medical center director to concentrate on applying computers and ADP technology where they will be most effective. In that regard, it seems appropriate that each VAMC should concentrate on the early installation of patient scheduling, pharmacy, and laboratory systems because those areas appear to have the largest pay-off in the shortest time. Once these systems are installed, then individual VAMC's may utilize the remaining capacity of their on-board computer capability to address individual management issues and problems.

The Chief Medical Director will have overall responsibility for the implementation of computer decentralization in DM&S. As recommended by the Deputy Administrator as the agency's ADP Executive, I also direct that the CMD establish a small Project Management Task Force on a temporary basis as the VACO organizational vehicle to provide policy and guidance for the implementation of computer decentralization. The Task Force will include Dr. Kenneth J. Dickie of the Washington VAMC as Chairperson, and Arthur Red of my staff along with two or three VA field station employees yet to be named. DM&S will provide office space, support staff, and support funds for travel, etc., for the Task Force.

Once in place, this Project Management Task Force will issue additional instructions to VAMC directors concerning guidance, policy, equipment, etc., regarding computer decentralization. At the same time as management reporting requirements are being revised in DM&S, I want the Chief Medical Director to rethink and reorganize all DM&S organizational elements which bear on ADP in medical operations. Again, such an overhaul should be done with a view toward avoiding duplication, providing cost savings, and reducing personnel requirements.

The following VAMC's are designated as lead VAMC's in this new policy of computer decentralization:

(a) Albany, N.Y.
(b) Washington, D.C.
(c) Hines, Ill.
(d) Bay Pines, Fla.
(e) Salt Lake City, Utah
(f) San Francisco, Calif. (medical district)

These lead VAMC's have demonstrated good quality localized computer capacities and I want them to provide help and technical assistance to all other VAMC's in the development and implementation of generic distributed data processing.

In addition, I am designating all six lead VAMC's as Verification and Development Centers (VDC's). These VDC's are directed to conduct: cost comparison studies; evaluation and verification studies; documentation studies; and test implementations of all ADP medical systems (pharmacy, lab, scheduling, etc.). I am directing that this work be completed in less than 180 days and that the results be reported to the DM&S Project Management Task Force. In essence, all systems must be shown to be accurate, reliable, and that they meet the constraints of prudent medical practices. All six lead VAMC's will collaborate on this effort and I am designating VAMC, Washington, D.C., to be the coordinator of this task assignment.

Pending the formal concurrences of OMB and the completion of the appropriations process, I intend to ask for a reprogramming of some funds in FY 82 to support medical ADP implementation. In addition, it is my intention to ask for some reprogramming of funds and possibly some new monies in FY 83 and FY 84 for medical ADP decentralization. The constraints of the budget process being what they are, I am encouraging and approving any individual medical center director's reprogramming of budget dollars from her or his own budget to purchase hardware and software for medical computer decentralization. These local procurements must be made in accordance with federal policies and regulations and be approved by DM&S Project Management Task Force. Included in these local procurements is word processing equipment (office automation). Requirements for word processing equipment are to be reviewed with and approved by the DM&S Project Management Task Force.

One of the continuing problems in DM&S with regard to computers is the need to complete an on-board computer inventory at all VAMC's. Therefore, I am directing that each VAMC director report within 30 days to the DM&S Project Management Task Force an accurate inventory of on-board or available computer hardware and software. Equipment for research, etc., from other than VA sources (HHS Grants, etc.) should also be included in this inventory report. It is not my intention to control or direct this equipment, but to simply allow each hospital to undertake an accurate accounting of possible underutilized computer capacity.

I recommend that each VAMC director establish appropriate contacts with DOD or GSA to locate any excess or surplus computer equipment which the VA might acquire and utilize. VAMC Albany, N.Y., has done an excellent job in this reqard and might possibly provide some guidance to other VAMC's.

Finally, I want all VAMC directors to know that by making this technological capacity of the computer available to each VAMC, I am holding them responsible for the cost-effective and timely implementation of this program of computer decentralization. The task at hand is to increase the effectiveness of VA medical care, while at the same time remaining aware of the scarcity of resources and the need to be conscious of the costs of the delivery of veterans' health care programs. I firmly believe that decentralization of computers into VA medical operations will help us overcome these problems and issues.

2. OFFICE OF DATA MANAGEMENT & TELECOMMUNICATIONS (ODM&T)

I am directing that ODM&T have only a limited and peripheral role in the implementation of computer decentralization in medical operations. I want the control and management of this policy of medical computer decentralization to be in the hands of the user (DM&S and VAMC's). There is no doubt that medical computer decentralization will have an unassessed impact on ODM&T operations and its organization. Therefore, it is prudent to continue the freeze on ODM&T personnel actions and to continue to have all ODM&T policies, programs, procurements, reorganizations, etc., reviewed by the Deputy Administrator as the agency's ADP Executive.

There is to be no further development or expansion of the APPLES pharmacy system. APPLES will continue to operate and serve those Chicago area VAMC's which are presently served, while a reassessment of its costs and programs is made. Equipment and other resources intended for the expansion of APPLES will be reprogrammed to support the new policy of medical computer decentralization in DM&S.

ODM&T will receive additional guidance from the Deputy Administrator as the agency's ADP Executive and from the medical computer Project Management Task Force (DM&S) in the near future.

3. SUPPLY AND PROCUREMENT

I am asking the Associate Deputy Administrator for Logistics (William Sullivan) and Assistant Deputy Administrator for Procurement and Supply (Clyde Cook) to provide help and technical assistance as VAMC's address the problems of hardware and software acquisition that medical computer decentralization will bring. After approval by the DM&S Project Management Task Force, each computer or ADP procurement by VAMC's must be processed by supply and procurement in accordance with federal regulations.

4. INSPECTOR GENERAL

I am asking the Inspector General (Frank Sato) to provide the technical assistance necessary to meet the security requirements established for ADP systems and applications that are to be established at each VAMC. Oversight in matters regarding the possible wasteful or fraudulent use of ADP facilities remains a general responsibility of DM&S (VACO), and in particular, an IG responsibility.

5. ADMINISTRATION

It is clear that the policy of a decentralized ADP deployment mode will require the revision and updating of established agency procedures. That set of management procedures (MP II, et al) and all interim issue directives that presently define management responsibilities and procedural directives concerning program formulation, acquisition, and management will require immediate review and rewriting to accommodate the management needs associated with decentralized medical ADP system operations. I am directing that Mr. Greg McGowan, Executive Assistant to the Deputy Administrator, undertake the supervision of this assignment and complete it within 120 days. Such agency resources or personnel that are required for this task will be assigned to Mr. McGowan on a temporary basis.

In essence, this work will require consultations and interactions with all departments involved in the ADP program process. This activity will be conducted under the overall direction of the Deputy Administrator as the agency's ADP Executive, who will represent the final authority on all matters involving the exercise of responsibility and decision-making for ADP matters.

All pertinent agency documents, policies, procedures, etc., associated with ADP programs, policies and operations are frozen in place pending evaluation and reassessment by Mr. McGowan's work group.

IV. Accountability

I want to remind all VAMC directors of my continuing concern regarding any possibility of fraudulent or wasteful use of ADP facilities and systems. The formalization of this concern is implicit in the responsibility associated with the local management of ADP systems at each VAMC. I intend to hold each director accountable if frauds are perpetrated in any area of medical operations within their purview.

V. Summary

This new policy of computer decentralization in medical operations is a serious and very challenging assignment for everyone concerned. It will set the tone for years to come and will have both immediate and long-term impacts on the medical care of America's veterans. I know that adding this valuable "tool" to each VA medical center will give that VAMC increased effectiveness in carrying out its mission. Therefore, let us continue to work together in delivering effective and efficient health care to our nation's veterans.

This order is effective February 18, 1982.

ROBERT P. NIMMO
Administrator

Office of the
Administrator
of Veterans Affairs

[illegible]

Veterans
Administration

AUG 20 1982

Honorable Alan Cranston
United States Senate
Washington, D.C. 20510

Dear Senator Cranston:

I am transmitting to you a copy of Circular 00-82-31 which clarifies and supplements my executive order of February 18, 1982, on computers and automatic data processing (ADP) policy in the Veterans Administration, Department of Medicine and Surgery. This circular does not depart from the concept of decentralization. It merely clarifies the roles and responsibilities of the Agency organizational elements involved and establishes the role and responsibilities of the newly appointed Associate Deputy Administrator for Information Resources Management in the implementation of this program.

Sincerely,

Robert P Nimmo

ROBERT P. NIMMO
Administrator

Enclosure

Veterans Administration
Washington, D.C. 20420

CIRCULAR 00-82-31

August 13, 1982

DM&S DECENTRALIZED HOSPITAL COMPUTER (DHC) PROGRAM

1. **PURPOSE.** Provides policy concerning establishment of a DHC (Decentralized Hospital Computer) program within the DM&S (Department of Medicine and Surgery) and clarifies organizational responsibility for planning, budgeting, developing, implementing and managing the program. The purposes of establishing the DHC program are to ensure: (a) that modern data processing support is provided to VA medical centers in a timely manner; (b) that Medical Center Directors have maximum opportunity to plan and determine local data processing requirements; and (c) that medical center staff make maximum use of automation to improve local services in an efficient, effective and economical manner. This circular also clarifies and supplements the policy announced in the Administrator's Executive Order on Computers and ADP Policy in the Veterans Administration's Department of Medicine and Surgery (DM&S), dated February 18, 1982.

2. **POLICY.** VA medical centers will use ADP technology to improve both effectiveness and efficiency in delivery of health care services to veterans. ADP technology for medical programs will be accomplished in a decentralized environment; but the management and control of DM&S data processing is the responsibility of the Chief Medical Director. VA medical centers will follow centrally developed plans, standards and conventions. Medical Center Directors will prepare both short- and long-range ADP master plans and functional requirements and participate in development of DM&S plans for use of ADP technology to promote assurance that ADP technology effectively serves each medical center's needs. Advanced procurement plans will be prepared and assessed centrally to capitalize on opportunities for savings from bulk purchases.

3. **GENERAL REQUIREMENTS.** The tasks of planning, budgeting, developing, implementing and managing the DHC program require full coordination, cooperation and participation of all concerned VA organizational elements. Development of the DHC program will require an assessment of existing ADP systems to identify those that should be integrated and those that should be retained as stand-alone support. Medical Center Directors will have various options available for medical ADP support to meet program needs on a local basis. These options will range from micro-hardware and software applications developed locally to more complex configurations of minicomputer and/or remotely distributed ADP service capabilities for both locally developed and integrated applications. To ensure success of the program, it is essential that:

a. Lines of authority and responsibility are clearly defined;

b. Medical Center Directors are encouraged to use medically oriented ADP technology;

c. Sufficient reserve ADP capacity is provided at each medical center or through remote ADP service capabilities to meet management information reporting requirements.

d. First priority is given to establishing the following automated applications:

(1) Patient registration;

(2) Admissions, transfers, discharges;

(3) Clinic scheduling;

(4) Pharmacy; and

(5) Laboratory systems.

e. All regulatory requirements are fully observed.

4. **RESPONSIBILITIES**

a. ADA/IRM (Associate Deputy Administrator for Information Resources Management). The ADA/IRM is the Senior Agency Official for information management to facilitate accomplishment of the goals of the Paperwork Reduction Act of 1980. The ADA/IRM is responsible under the act for conduct of and accountability for ADP and telecommunications systems acquisitions. The ADA/IRM is also designated the Agency Acquisition Executive responsible for developing and recommending policies and monitoring their implementation for major systems acquisitions under OMB Circular A-109, Major System Acquisitions. The ADA/IRM will:

(1) Develop and recommend to the Administrator information resources management policies and directives including those related to centralized or decentralized ADP and telecommunications systems;

(2) Chair an Agency ADP Steering Committee;

(3) Monitor overall planning and implementation of major agency information processing systems. Monitoring will be accomplished through periodic reviews of program plans, budget estimates and procurement actions which exceed specified thresholds;

(4) Serve as single point of contact on all information exchanges between the VA, other Government departments and agencies, and the Congress involving information resources management; and

(5) Approve all Agency Procurement Requests to GSA for ADP and telecommunications support systems.

b. **Chief Medical Director.** The CMD (Chief Medical Director) is responsible for the DM&S ADP program.

The CMD will:

(1) Ensure optimal allocation and use of resources;

(2) Provide DHC program guidance to VA Central Office and medical facilities;

(3) Plan and budget for DM&S ADP support within established VA policies and directives; and

(4) Coordinate DM&S information resources management including ADP activities with ODM&T and other affected agency components.

The CMD is authorized to:

(1) Continue until September 1, 1982, the Project Management Task Force to develop an implementation plan for the DHC program;

(2) Establish a DM&S MIRMO (Medical Information Resources Management Office) which will have overall responsibility for implementing the DHC program and for managing all departmental information management and ADP activities;

(3) Operate and maintain hardware for the DHC program;

(4) Design, develop, test, and implement software for the DHC program; and

(5) Establish V&DC (Verification and Development Centers) within selected VA medical centers which will be responsible for assisting VA Medical Center Directors in development, testing, and implementation of decentralized ADP systems and will serve as focal points for user groups' activities.

The CMD is required to:

(1) Develop a DM&S ADP plan and ensure its annual update; and

(2) Observe all agency and Federal procurement regulations in the acquisition of hardware and software for the DHC program.

c. **Office of Data Management and Telecommunications.** The Assistant Deputy Administrator for Data Management and Telecommunications is the principal advisor to the Associate Deputy Administrator for Information Resources Management on all matters relating to ADP and telecommunications policies, practices and plans. Responsibilities concerning the DM&S ADP program include:

(1) Providing direct support to DM&S in the planning, development, implementation and management of DM&S ADP systems;

(2) Providing standardization, audit, technical ADP and telecommunications support and assistance to DM&S;

(3) Providing support to DM&S in designing, development, installing, operating and maintaining centralized DM&S ADP applications such as the Patient Treatment File, Fee Basis Medical and Pharmacy System, Summary Hospital Information Patient System, and the Computerized Medical Information Support System; and

(4) Participating in the program planning, budgeting and procurement of resources for all centralized DM&S ADP applications.

d. **Office of Procurement and Supply.** The Assistant Deputy Administrator for Procurement and Supply is the principal advisor to the Associate Deputy Administrator for Logistics on procurement and supply matters. Responsibilities include:

(1) Serving as the agency's contracting officer for procurement requests to support medical ADP systems in accordance with dollar thresholds to be established by VA Procurement Regulations. When established dollar thresholds are exceeded, the Associate Deputy Administrator for Logistics will obtain concurrence of the Associate Deputy Administrator for Information Resources Management before directing the Office of Procurement and Supply to process the request; and

(2) Initiating acquisition actions including submissions of agency procurement requests to GSA and conduct authorized acquisitions.

(e) **Office of Program Planning and Evaluation.** The Assistant Deputy Administrator for Program Planning and Evaluation is the principal advisor to the Associate Deputy Administrator for Planning and Finance on all matters pertaining to cost-benefit and cost-effectiveness analyses. Responsibilities include:

(1) Providing assistance required in validating all cost data to support ADP and telecommunications systems acquisitions;

(2) Providing consultation and assistance to DM&S in the methodology and conduct of cost-benefit and cost-effectiveness studies of all identified alternative systems;

(3) Assisting Medical Center Directors in cost-benefit and cost-effectiveness analyses for locally procured systems as requested by the Chief Medical Director; and

(4) Conducting cost-benefit and cost-effectiveness analyses on all centralized and decentralized hospital computer systems as requested by the Administrator.

f. **Office of Budget and Finance.** The Assistant Deputy Administrator for Budget and Finance is the principal advisor to the Associate Deputy Administrator for Planning and Finance on all budget formulation and execution matters. Responsibilities include: Providing assistance to the Associate Deputy Administrator for Information Resources Management and the Chief Medical Director in the development of budget estimates, appropriations transfers, and reprogramming proposals to the Office of Management and Budget and the Congress.

g. **Office of Reports and Statistics.** The Assistant Deputy Administrator for Reports and Statistics is the principal advisor to the Associate Deputy Administrator for Information Resources Management on all information and statistical reporting. Responsibilities include: Supporting the Chief Medical Director's efforts to review and revise DM&S management information requirements as part of the review and revision of Agency management information requirements.

5. RESCISSION: This circular is automatically rescinded September 30, 1983, or when the VA Organization Manual is revised and published.

ROBERT P. NIMMO
Administrator

Distribution: A
FD

ANSWER 14.

As noted in your inquiry, the VA has been attempting for two decades to develop ADP capabilities for its medical centers. While I have received some preliminary briefings on the VA's extensive history in this area from VA officials, it is my opinion that the concerns and issues which you have raised in this extremely complex area can be addressed in an adequate manner only after further study on my part. However, I can state that while there are many areas where ADP can prove useful, our primary focus on the use of ADP technology at this time should be the enhancement of patient care. In support of this goal, it is imperative that the VA take full advantage of the rapidly improving ADP technology and procure those systems which will be of optimal benefit to patient care, subject to, of course, the constraints of cost and funding. It is a cause of concern to me that many medical centers are operating without substantial benefit of ADP capability. Therefore, I can assure you that the proper implementation of ADP in the medical area will have a high priority with me. Although I will consult with the Chief Medical Director, as well as others in the Agency with knowledge in this area, as Administrator, I will be ultimately responsible for the VA's management of those efforts, both by formulating defined goals and providing leadership and direction, when it is needed.

RESPONSE OF HARRY N. WALTERS, NOMINEE FOR ADMINISTRATOR OF VETERANS' AFFAIRS, TO THE WRITTEN FOLLOWUP QUESTIONS OF HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

QUESTION 1. In an October 7 letter to your predecessor, I urged that the VA resolve a number of issues regarding the design of the Agent Orange epidemiological study and deal with certain related management issues. The December 3 response stated that, since it appears that the study will be transferred to the Centers for Disease Control, it would not be appropriate for the VA "to make all the critical decision mentioned in my letter." In that letter, it was also stated that it would not have been appropriate for the VA to decide, prior to receiving the National Academy of Sciences comments on the study protocol, whether the study should be limited to the effects of Agent Orange exposure or be expanded, as authorized by Public Law 97-72, to examine the entire Vietnam experience. The NAS comments were officially transmitted to the VA on October 28, 1982.

This exchange of correspondence (copies attached) left certain questions unanswered and, together with the NAS comments, raised certain new ones.

A. In my October 7 letter, I requested information, which was not provided, regarding the newly-formed Agent Orange Projects Office in the Department of Medicine and Surgery, for which $278,000 and 7 FTEE have been budgeted and appropriated for FY 1983. I understood that these resources would be used to add technical staff devoted to work on Agent Orange activities. Recently I learned that the Office of Environmental Medicine would henceforth be called the Agent Orange Projects Office.

i. Are the resources described above for the Agent Orange Projects Office in fact being used, or planned to be used, to support additional staff above and beyond the former staff of the Office of Environmental Medicine?

ii. What are the planned professional qualifications of any new personnel and when will they be hired?

B. Who will decide whether the study will be expanded and when do you expect that decision to be made?

C. In my October 7 letter, I urged that, if a decision is made to proceed now with an Agent Orange-only study, the widest range of information be collected from the study participants so that it might be used in a parallel, more general study of the entire Vietnam experience.

i. What is your reaction to this recommendation?

ii. Who will decide whether the study will collect such a wide range of information for that purpose?

D. The NAS review raised some very basic questions -- particularly relating to the exposure index and the selection of cohorts -- that I believe must be addressed before the conduct of the study is undertaken.

i. Do you plan to modify the study design along the lines suggested by NAS?

ii. [If not] Will any such modifications be left to CDC?

iii. Is a detailed VA response to the NAS being formulated?

iv. (If so) Please provide a copy of such response if it has already been prepared or advise when it will be completed.

(If not) I request that one be prepared and provided to the Committee, responding in detail to each NAS comment and recommendation. When will such a report be submitted?

v. In its review of the protocol, NAS suggested that a "case-control study of soft-tissue sarcomas within the veterans population would almost certainly be the quickest and most economical way to determine whether these malignanacies are associated with exposure to herbicides in Vietnam." This opinion strengthens my own long-held belief that the design and conduct of such a study or studies is -- particularly in light of certain European studies which suggested an association between exposure to phenoxy herbicides and soft tissue sarcomas -- greatly needed. I have repeatedly urged that such a study or studies be undertaken. Do you support the NAS recommendation and are there any studies planned or in progress either within or outside the VA?

E. When can I expect to receive a report, as requested in my October 7 letter, on the issues raised in the September 30, 1982, letter to me from the Director of the Office of Technology Assessment, including the issues of coordination and delineation of responsibilities that I discussed in my letter?

Office of the
Administrator
of Veterans Affairs

Washington DC 20420

Veterans
Administration

DEC 6 1982

DECEMBER 3 - 1982

Honorable Alan Cranston
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate
Washington, DC 20510

Dear Senator Cranston:

Thank you for your letter of October 7, 1982, regarding the letter from John Gibbons with the opinion of the Office of Technology Assessment (OTA) concerning the Veterans Administration's epidemiological study.

As you are probably aware, I have decided that the responsibility for the conduct of the epidemiological study should be transferred to a non-VA scientific body. Dr. Donald L. Custis and I have been in contact with our counterparts in the Department of Health and Human Services and hope to arrange for a smooth and expeditious transfer to the Centers for Disease Control in Atlanta.

The report of the special subcommittee of the National Academy of Sciences which reviewed the UCLA protocol was officially transmitted to the Veterans Administration on October 28, 1982. A copy of the report is enclosed for your information. I agree with you that further technical review of the proposed protocol would serve no purpose at this time. In 1980, the VA advised Congress that to assure objectivity and scientific acceptability the proposed protocol would be reviewed by the National Academy of Sciences as well as the VA's Advisory Committee, the Interagency Work Group (now Agent Orange Working Group), and the Office of Technology Assessment. The VA has taken this action. I regret that the study has been delayed by these reviews, a legal challenge, and other factors beyond the control of the Veterans Administration. I remain firm in my belief that the VA has acted reasonably and responsibly in this matter.

Since it now appears certain that the study will be transferred to the Centers for Disease Control, I do not think it appropriate that the Veterans Administration make all the critical decisions mentioned in your letter. One of the most crucial decisions, obviously, is whether the study should focus on Agent Orange exposure or examine the entire Vietnam experience, as authorized by Public Law 97-72. There has been considerable debate within the scientific community on this issue. The enclosed report from NAS, for example, recommends that this study focus on Agent Orange, a two cohort effort, while others have argued in favor of an expanded study. I think that it would have been inappropriate to make a decision of this magnitude prior to the receipt and careful review of the NAS comments.

I take exception to the implication that the Army's cohort selection process was terminated solely at the direction of the VA. Rather, questions were raised within the Science Panel of the Agent Orange Working Group that led to the Department of Defense's decision to discontinue the cohort selection process until agreement could be reached on the selection methodology.

Finally, I agree with you that there must be no unwarranted delays implementing the epidemiological study. It would be tragic, however, if political pressures and public outcry forced unwise decisions and therefore unsuccessful efforts to answer the questions that so badly need answers. I hope and trust that the Senate Veterans' Affairs Committee will assist us and other agencies in our attempts to provide valid responses to the urgent demands.

I hope this information is helpful to you.

Sincerely,

Everett Alvarez Jr
Deputy Administrator • For

ROBERT P. NIMMO
Administrator

Enclosure

United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, D.C. 20510

October 7, 1982

Honorable Robert P. Nimmo
Administrator of Veterans' Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Dear Bob,

Enclosed is a September 30, 1982, letter to me from John Gibbons, Director of the Office of Technology Assessment (OTA), which provides an important and timely evaluation of VA efforts to date on the epidemiological study of Vietnam veterans' health problems mandated by section 307 of Public Law 96-151. I believe the agency has received a similar letter.

As the Senate author of section 307 and the amendment to it last year, I find this expression of OTA's concerns highly disturbing. As evidenced by the recent letter to you from the leadership of the House Veterans' Affairs Committee and remarks at that Committee's September 15 hearing, many others in the Congress are also impatient for decisions and action by the Veterans' Administration on the study.

The purpose of this letter, hence, is to call upon you to bring about and publicly announce agency decisions on several key issues related to the study.

Perhaps the most distressing aspect of the OTA letter is its view that the VA has been indecisive and poorly coordinated in its approach. Specifically, OTA has raised serious questions about the scope of the study, the lack of progress to date, and the need for decisions to be made at this point. I urge that you give OTA's evaluation your immediate attention.

First, OTA believes that further technical review of the proposed protocol serves no purpose until the basic policy decision about the scope of the study -- for which the VA is responsible -- is made. I would appreciate your views on this point. Specifically, I urge that the agency make a decision now on whether to limit the study's scope to Agent Orange or, as authorized last year by Congress, expand it to gather information on the possible health effects of the total "Vietnam experience".

I am convinced that the health effects of the entire Vietnam experience must be studied. Responses from major veterans' organizations to questions I asked at a Committee hearing last November showed wide support for studying the effects of the entire Vietnam experience. I think it would be a major error not to proceed with such a study either as part of an expanded Agent Orange study or in a separate undertaking. In that regard, if a decision is made not to add a third cohort but rather to proceed now with an Agent Orange-only study, I believe that it is critically important that the widest range of information be collected from the study participants so that it might be utilized in a parallel, more general study of the entire Vietnam experience.

OTA recommends that the VA add personnel with appropriate professional qualifications to its in-house staff dealing with Agent Orange. I concur with this point. I understand that the newly-formed Agent Orange Project Office in the Department of Medicine and Surgery, for which $278,000 and 7 FTEE's have been budgeted and appropriated for FY 1983, will be adding technical staff. I would like to know the planned professional qualifications of these new personnel and when they will be hired.

OTA cites several "difficulties of assembling cohorts" that have arisen between the VA, the Department of Defense, and the Agent Orange Working Group (AOWG). I understand that no one VA official has been designated as the liaison to DoD and that this has resulted in considerable confusion regarding whose instructions DoD is to follow and whom it is to contact and consult when difficulties or questions arise. To further complicate matters, a clear delineation of the AOWG's authority and responsibility for establishing the cohort selection process and its relationship to DoD also seems to be lacking. I urge that both these sources of confusion be remedied immediately.

I share OTA's view that the lines of responsibility seem to be becoming blurred. The questions of assuring effective coordination with DoD and of proceeding with technical reviews before making the basic policy decision on a third cohort are but two -- albeit major -- examples of the difficulties associated with this blurring. I urge that this problem also be addressed and resolved promptly.

Finally, I want to re-emphasize the recommendation I made to then-Administrator Cleland almost two and a half years ago that the VA enter into a contract with an independent, outside entity (such as the National Academy of Sciences, the Centers for Disease Control, or a school of public health) for the actual conduct of the study. I do not know of one person in a responsible position in the Congress, the Executive Branch, or the veterans' organizations who favors the VA itself conducting the study.

The question of contracting boils down to a matter of credibility. The main point is not whether the VA has or can develop the capacity to conduct a full and fair study but rather, whether, when such a study is completed, Vietnam veterans, their families, and others concerned about this issue will have faith in the study's results. Without that acceptability, all of our efforts will be wasted.

I want to reiterate how important I think it is that the VA immediately come to grips with and announce decisions on the issues discussed above. Further delay would be intolerable to the thousands of Vietnam veterans and their families so deeply concerned about the Agent Orange issue.

Finally, regarding the efforts of the Congress on the matters raised above and others pertaining to the Agent Orange issue, I've asked Senator Alan K. Simpson, Chairman of the Veterans' Affairs Committee, to schedule oversight hearings on this subject early in the next Congress.

I look forward to receiving at your earliest convenience a report from you on the issues raised in Dr. Gibbon's letter and your responses to the recommendations I have made in this letter.

With warm regards,

Cordially,

Alan Cranston
Ranking Minority Member

Enclosure

cc: Honorable Alan K. Simpson
Honorable G.V. "Sonny" Montgomery
Dr. Donald L. Custis
James Stockdale
John Gibbons

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Congress of the United States
OFFICE OF TECHNOLOGY ASSESSMENT
WASHINGTON, D.C. 20510

JOHN H. GIBBONS
DIRECTOR

September 30, 1982

Honorable Alan Cranston
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear ~~Senator~~ Alan Cranston:

Public Law 96-151 charges me with approving the protocol for and also with monitoring the conduct of an epidemiologic study of Agent Orange. On March 18, 1982, I wrote you of my tentative approval of the protocol and mailed you a copy of the Office of Technology Assessment (OTA) review that addressed some specific questions to the protocol designers. My subsequent letter of June 11, 1982, informed you of my satisfaction with the responses made to my questions by the protocol designers. Although some criticisms and reservations were expressed in the OTA review, the protocol, as amended, was judged a sufficient framework for moving ahead to planning and executing a pilot test of the full scale study.

As was evidenced at a hearing of the Subcommittee on Oversight and Investigations of the House Committee on Veterans Affairs on September 15, 1982, little progress has been made in the study during recent months. This letter provides you with the OTA's perspective about where the study now stands.

My letter of June 11 stated that no decision had been made about whether or not to limit the epidemiologic study strictly to possible health effects resulting from exposure to Agent Orange or to expand the study to include possible effects of the "Vietnam experience." The decision between conducting an Agent Orange only study (two cohorts) and a study to include the Vietnam experience (three cohorts) is a responsibility mandated to the Veterans Administration (VA) by Public Law 97-72. In our view, no further progress on the Agent Orange study can be expected until VA makes that decision about the basic design of the study.

For instance, refinement of the questionnaire, and of the physical and other medical examinations, which is to be accomplished during the pilot test, depends on whether the study focuses on the likely sequelae of exposure to a toxic substance or is expanded to consider also the sequelae of involvement in war. Soliciting bids from organizations competent to carry out the pilot study cannot, in my opinion, go forward until VA decides which study it will carry out.

At the September 15 hearings, VA explained that it had asked the National Academy of Sciences (NAS) to review the protocol for the epidemiology study. Completion of that review is expected in October, and VA has stated that it plans to make a decision between the two and three cohort design after it receives that review. The NAS review will be the fourth technical review of the protocol. VA has already received reviews from its own Advisory Committee on the Health-Related Effects of Herbicides, the Agent Orange Working Group (AOWG), and the OTA. In my mind, waiting on still another technical review of the protocol to make a policy decision seems unnecesary and can be viewed as a delaying tactic. As I pointed out in my June letter, if the study is to be expanded, OTA will have to review the protocol for the study because no protocol for a three cohort study has been submitted to us.

Testimony and questions at the September 15 hearings drew attention to the difficulties of assemblying the cohorts for the epidemiology study. There is general agreement that Army records experts are the people best qualified to locate the appropriate records and to identify veterans who were likely to have been or likely not to have been exposed to Agent Orange. The general outline for a plan to identify those individuals was developed by Dr. J. Bricker of the Department of Defense. The outline was well received by AOWG and was accepted by the designers of the protocol as a basis for assembling the cohorts.

On April 8, 1982, Richard Schweiker, Chair, Pro-Tem, Cabinet Council on Human Resources, which encompasses AOWG, wrote the Secretary of Defense and recommended that efforts be initiated to identify individuals for cohorts in preparation for the pilot study. Following receipt of that letter, the Department of Defense, with the Department of the Army as the lead agency, increased the number of personnel assigned to the job of identifying members of the cohorts. On July 1, 1982, the Army began identifying three cohorts of 600 veterans each for the pilot study. In mid-July, VA objected to the criteria the Army was planning to use to identify the members of the cohorts. Immediately, the Army stopped its efforts to assemble cohorts and awaited additional guidance from VA or other responsible agencies. If the Army erred in its choice of selection criteria, it did so only after making several requests of the VA and AOWG for advice and guidance. VA did not respond to the Army requests. However, when the Army began assembling cohorts, VA reacted very negatively because, in the VA's opinion, the Army was not doing it correctly.

Shortly after the Army stopped its cohort assembly effort, AOWG established a subcommittee to prepare detailed criteria for selecting the cohorts. Turning to AOWG to develop the criteria for cohort selection has the advantage of enlisting the expertise present in the working group, but it also will result in AOWG's participation as a designer of part of the study. While this may be necessary and desirable, it reduces AOWG's ability to function as a review group for study design and execution.

Similar concerns about the role of the AOWC can be raised about its activities in the review of the protocol. The charge to AOWC was to review the protocol. While it did that, it also urged expansion of the study to three cohorts. Whether such urging was part of the review function or a step into designing the study is a matter of opinion. However, the action raised the possibility that a group charged with review was participating in the design of the study. Such a change in role would, of course, hamper AOWC review activities.

In actuality, there is no conduct of the Agent Orange study for OTA to monitor at the present time because the study does not yet exist. The initiation of the study depends on decisions and actions that are the responsibility of VA. OTA agrees with the opinions expressed at the September 15 hearings that VA should add to its staff the appropriate people to aid in making decisions on matters such as the third cohort and the selection of individuals for the cohorts. Because of VA's failure to make those decisions, other groups with an interest in the Agent Orange study are being pushed to act on their own. I think that the resultant activities are already blurring lines of responsibility.

Until VA makes the policy decisions that are mandated to it and equips itself to make technical decisions and plans, the Agent Orange study will not move ahead. Other groups (AOWC, OTA, NAS) are constituted to review VA decisions and plans. However, as VA is responsible for the study, the review groups should be advisers and reviewers, not planners. The roles of planner and decisionmaker properly belong to VA, and VA should fill that role promptly so that other groups are not pulled into the void left by its inactivity.

Should you or your staff have any questions about the OTA analysis of the current status of the Agent Orange study, please contact me, Dr. Michael Gough (project director of the OTA review) or Ms. Hellen Gelband at 226-2070.

Sincerely,

Jack Gibbons

John H. Gibbons

ANSWER 1.

i. Yes. However, with the planned transfer of the epidemiology study to CDC, it is projected that a staffing level of 5 FTEE only will be required to support the other research activities.

ii. One position will be that of an epidemiologist. Another will be a biostatistician. In addition, there will be 3 support staff. Both the epidemiologist and the biostatistician will be fully professionally qualified by education and experience within their respective fields. All positions will be filled as soon as qualified candidates can be recruited.

1B. In the desire to ensure maximal independence to CDC in the design and conduct of the study, any decision arrived at will be one which is mutually agreed upon between the VA and CDC. Great weight will be placed on CDC's recommendation in this regard. A decision will be made as expeditiously as feasible.

1.C. i & ii. This is involved in the entire design of the study which is now being developed by CDC.

1.D. i. & ii. As I indicated in my response to question 1.B., decisions regarding the epidemiological study will be mutually agreed upon between the VA and CDC.

1.D. iii & iv. No. I believe that such a report would have little or no value at the current time. Until such agreement is resolved with CDC, I believe it would be unwise for me to respond in detail to the NAS report.

1.D. v. The case-control study is only one method of investigating soft-tissue sarcoma. Currently an examination of records in an effort to determine the best approach to this issue is underway. This will require some months to complete.

1.E. It is my understanding that a December 3 letter constituted the VA's response to your request for a report. However, should you desire additional information, I will be pleased to answer your specific questions, if possible.

QUESTION 2. The recent GAO report, "VA's Agent Orange Exam Program: Actions Needed to More Effectively Address Veterans' Health Concerns", specifically recommended revising the exposure history form and using the standard VA physical examination and medical history forms to gather more thorough information in Agent Orange examinations.

A. The agency concurred (p. 75) and stated that DM&S Circular 10-81-54, dated March 19, 1981, stipulated that standard examination forms (VAF 10-7978 or SF 506) be used to document the physical examinations. However, the GAO report (p. 21) asserts that this Circular in fact gives the physician a choice of using the standard or the shorter Agent Orange exam form. What accounts for the discrepenancy in VA and GAO statements regarding which examination forms are to be used for Agent Orange exams?

B. In what way and for what purposes will the Circular be revised, as the VA comment indicates it will be, with respect to instructions on the use of physical exam forms?

C. (i) Will the revised forms -- the exposure history forms and the revised version of DM&S Circular 10-81-54 -- be issued this month as stated in the agency comments on the report?

(ii) (If not) When do you expect these forms to be issued?

ANSWER 2.

A. Both of the forms discussed are standard and record the same information in different format. It is my understanding that this has been explained to GAO representatives on several occasions.

B. I am advised the circular revisions provide for the use of new reporting forms for computerization. This should not be confused with the medical forms to which you referred.

C. i. & ii. The date of issue of the revised circular is dependent on the clearance of the revised reporting form by OMB. We believe that this will be effected expeditiously. If this proves to be true, the circular can be issued as planned.

QUESTION 3. In response to prehearing questions No. 8, regarding the responsibilities of the Deputy Administrator, you indicated that you intended for him to be an active, fully participating member of the management team at the agency.

Would you please advise me of any changes you make in the Deputy's responsibilities -- particularly his special responsibility for Vietnam veteran issues and his positions as chairman of both the Agent Orange Policy Coordinating Committee and the Readjustment Counselig Steering Committee?

ANSWER 3.

Everett and I are continuing our discussions regarding his role relative to the Agent Orange Policy Coordinating Committee and the Readjustment Counseling Steering Committee, as well as, other matters. This is a continuing process and as I mentioned earlier, I am committed to Vietnam veterans and to addressing their particular problems. I intend to rely on Everett's experience and valuable advice in these areas.

QUESTION 4. I was encouraged by your response to prehearing question No. 14 in which you said that you will be ultimately responsible for the VA's management of medical ADP efforts, both by formulating defined goals and providing leadership and direction. Because of the complexities of this issue, you stated that you prefer to study it further before responding to the specific points in my question. I certainly understand your preference in this regard, but believe that the questions require prompt attention. When do you expect you will be able to provide us with the specific answers?

ANSWER 4.

I have already held a meeting with key VA personnel on the issues raised in your prehearing questions. I believe the internal VA ADP issue should be and can be resolved rapidly. I hope to provide you with more specific answers in the very near future. Once resolved within the VA we will obviously have to work with Congress and other agencies to implement our plan.

QUESTION 5. Some of my constituents have raised with me their concerns that, because you have not seen combat, you may be unable to appreciate fully the needs of combat veterans. In your testimony, you stated that you "deeply empathize with the impact of combat on our men and women", that you believe you "can relate", and that you "want to help". How do you intend to ensure that your actions as Administrator will reflect sensitivity to the needs of combat veterans?

ANSWER 5.

I expect to receive advice and counsel from those who I personally know are combat veterans and from the many employees within the VA who not only have seen combat but are combat disabled. Further, I anticipate consulting with the veterans organizations and congressional representatives who also have a constituency of combat veterans.

QUESTION 6 A. Would you agree that it's possible, despite all your best efforts as Administrator, that you or others acting on your behalf could approve a regulation that exceeded lawful authority or could inadvertently make an adjudicatory decision lacking a rational basis in the evidence?

B. (If so) In view of that possibility existing -- that a regulation could be issued beyond lawful authority or that the Board of Veterans' Appeals could decide a case in a way unsupported by the facts or contrary to law -- do you believe that a veteran affected by such a decision should have no recourse in such a situation and that the lawfulness of your action as Administrator and those acting for you in claims matters should be above scrutiny in a court of law, a scrutiny to which cabinet secretaries and head of other independent agencies are presently subject?

ANSWER 6.

The impressions I now have regarding VA's system of claims adjudication is that it is an altogether fair one. While, given the thousands of cases considered, a small number of errors are inevitable, current VA rules liberally permit the reopening or reconsideration of claims, and granting of equitable relief. Should the VA promulgate regulations in excess of lawful authority Federal court action is certainly available to the adversely affected veteran.

The independence of the Board of Veterans Appeals in its decision-making is established in fact and in law. The Administrator cannot impose his will on the Board in an arbitrary manner, and, if confirmed, I would never attempt to do so.

QUESTION 7. You indicated, in your response to pre-hearing question no. 6, that once you have established the organization structure within the agency to carry out your section 220 responsibilities you would seek assurances from other agencies that they would include you at an early stage in the formulation of policies affecting veterans that are within their jurisdiction. Would you please advise us of your timetable for establishing this organizational structure and, when you have them, of the results of your seeking such assurances?

ANSWER 7.

I would anticipate reviewing the existing policies and procedures for carrying out the responsibilities of the VA under 38 U.S.C. § 220 as soon as practicable, and would hope to establish an organizational structure within the Agency for those purposes soon thereafter. Because I have not yet had an opportunity to make an initial review to determine the extent of any restructuring necessary, I am reluctant to give any specific timetable for the accomplishment of such an organizational change.

QUESTION 8 A. It is my understanding that the Equal Opportunity Staff Office is expected to consult regularly with the Office of General Counsel--particularly regarding cases in which there are questions about the acceptability of the complaints--but that the relationship between the two offices is not as harmonious as it should be at present. Would you please look into this matter and, if you find that there are such problems, state what steps you will take to make needed improvements in the working relationships between the two offices?

B. In the November 16 letter to me from Administrator Nimmo, it was noted that 414 of the 720 cases at the "Second Stage (Investigation)" of the complaint processing schedule as of July 31, 1982, were "pending assignment".

(i) What was the reason for this significant backlog of cases not yet assigned at that time?

(ii) How does this number of cases pending assignment compare with the number in that status as of July 31, 1981, and December 31, 1981?

(iii) How many cases are pending assignment as of this time?

(iv) Are you personally satisfied that the steps that have been taken to date will prevent such a backlog in the future?

C. Please provide a copy of the most current Equal Opportunity Staff Office policy directive that sets forth procedures for the processing of discrimination complaints.

D. What training do Equal Opportunity Staff Office personnel receive to prepare them for handling discrimination complaints?

E. (i) Please provide a report showing any changes in the EO complaint caseload since July 31, 1982.

(ii) Would you also please provide further updates on that information on June 30, 1983, and December 31, 1983?

ANSWER 8.

A. Yes. Should I find that a problem exists, I will then determine what action must be taken.

B. It is my understanding that there were internal management problems.

B. (ii) Information regarding number of cases pending assignment as of July 31, 1981, is not available because no information system existed at that time which maintained this statistic. Subsequently, a computer program was purchased and installed which maintains this information.

B. (iii). There are 324 now pending assignment to investigators.

B. (iv). From the foregoing it appears that more needs to be done. I plan to look into the matter.

C. See Attachment 1.

D. The EEO Staff has initiated a weekly in-service training program for processing complaints. A senior Specialist has been assigned to implement the training which includes all specialist and selected administrative clerical staff members.

E. (i). This report is not available at this time but will be forwarded to you as soon as possible along with additional information that you request.

ATTACHMENT 1

Section B. Discrimination Complaints

1. SCOPE

a. Any VA employee, applicant for employment, or a representative of either duly authorized in writing, who alleges discrimination because of race, color, religion, sex [age or] national origin will be afforded the right to file a complaint of discrimination in accordance with the procedures that follow. The term "employee" shall include all VA employees, whether inside or outside the competitive service, including employees paid from nonappropriated funds, except aliens employed outside the continental limits of the United States.

b. [These procedures do not apply to allegations of discrimination because of age except as specified in paragraph 17 below.] Except for paragraph [18,] they do not apply to the consideration of a general allegation of discrimination by an organization or third party which is unrelated to an individual complaint of discrimination.

2. RIGHTS OF PERSONS [INVOLVED IN COMPLAINTS]

[a.] Complainants, [their representatives, and witnesses] shall be free from restraint, interference, coercion, discrimination or reprisal at any stage in the presentation and processing of a discrimination complaint, including the counseling stage.

[b.] The complainant shall have the right to be accompanied, represented, and advised by a representative of his choice at any stage of the complaint procedures with the following exception. [EEO counselors, investigators, or full-time EEO specialists may not serve as a complainant's representative because such assignment may compromise their future ability to carry out EEO program responsibilities.

c.] If the complainant is an employee of the agency, he shall have a reasonable amount of official time to prepare and present his complaint. If the complainant selects an employee of the agency as his representative, the representative shall have a reasonable amount of time to present the complaint. The amount of time considered reasonable for the employee or his representative will depend on the circumstances in each case and will be determined by the Equal Employment Opportunity Officer.

3. ROLE AND SELECTION OF EQUAL EMPLOYMENT OPPORTUNITY COUNSELORS AND INVESTIGATORS

a. EEO Counselors

(1) Responsibilities of EEO Counselors are a natural extension of those of the EEO Officer. They serve as a bridge between employees and management and seek informal resolution of matters giving rise to the allegations of discrimination. EEO Counselors are disassociated from the formal complaint process and should not be assigned duties which involve investigation of formal complaints or other EEO activities which may appear to influence their ability to seek fair and impartial resolution of employee problems.

(2) EEO Counselors shall be designated by EEO Officers at field stations. In Central Office, Counselors-at-Large will be appointed by the Deputy Administrator from nominations by department and staff office heads. The number of counselors designated will vary according to the number of employees to be served, location and concentration of employees, shifts, etc. At least two counselors will be appointed for each field station, with no less than one counselor for each 500 employees. EEO Counselors will generally function on a part-time basis, but must be readily accessible to employees and free to devote the time required as needs demand. *[NOTE: The Director, National Cemetery System, may authorize the National Cemetery Supervising Officer to appoint onsite counselors in the largest VA cemeteries in their respective areas. Where such designations are not warranted because of the small number of employees, counseling will be furnished by the counselors at the VA station providing personnel services to the cemetery. In these instances, the Cemetery Superintendent and the Director of the servicing VA station will establish procedures which will assure the accessibility of counselors while protecting the anonymity of the aggrieved persons to the extent possible. The cost of the counselor's travel and per diem, if required, will be borne by the National Cemetery System.]*

(3) The selection of EEO Counselors should be determined by the qualifications and abilities of the individuals to relate effectively to employees and

management alike. The need for one or more counselors with bilingual ability should be considered in relation to the number of Spanish-speaking employees and their representation in the community. Generally, counselors should not be a part of the top management staff. They should be sensitive to intergroup relations and have empathy with employees who bring problems to their attention. The ability to gain the confidence and respect of employees is an important consideration in the selection of counselors. Equally important, in the resolution of problems, is their ability to communicate with operating officials at all levels.

(4) To the extent practicable, recommendations of employees and recognized labor organizations should be considered to assure selection of counselors in whom they have confidence.

(5) Equal employment opportunity counseling must be viewed as a person-to-person relationship between the employee and counselor. To provide the environment required to facilitate the counseling process, it is paramount that privacy be assured and that the setting be such to insure freedom from interruptions and from being observed or overheard by others. Work papers, exhibits, summaries, notes pertinent and relevant to the counseling process are considered privileged information between the counselor and the aggrieved and will not be available to unauthorized persons under any circumstances. It is encumbent upon station management to provide adequate safeguards to preserve the confidentiality of these materials. A lock drawer cabinet will meet requirements. Upon termination of a counselor's tenure for whatever reason, all files will be turned over intact to the succeeding designated counselor.

b. EEO Investigators

(1) To the extent possible, investigations of discrimination complaints arising anywhere within VA will be conducted by designated and specially trained Attorneys. [ ] The investigator, as an agent of the Director of EEO, secures facts necessary for formal consideration of a complainant's allegations. The investigation may not be accomplished by an employee from the installation where the complaint arose.

(2) The Director, EEO, will assure that a sufficient number of trained investigators are available to provide timely investigations and shall provide for the selection and training of additional investigators as needed.

4. PRECOMPLAINT COUNSELING

a. An aggrieved person who believes that he has been discriminated against because of race, color, religion, sex [age,] or national origin is required to consult with an EEO Counselor if he desires to further pursue the matter. Normally the contact must be made with the counselor within 30 days of the matter or personnel action causing the aggrieved person to believe he had been discriminated against. Under no circumstances may the counselor reveal the identity of the aggrieved party (unless authorized by the aggrieved party) until a formal complaint has been received by the EEO Officer.

b. The initial interview between the aggrieved person and the counselor will be arranged as expeditiously as possible. After eliciting from the aggrieved all the facts relevant to the issues, the counselor shall make any inquiry he feels necessary in the attempt to informally resolve problems whether or not he believes discrimination to be the issue. This may take the form of examination of records and interviews with employees, supervisors or management officials. In the conduct of his inquiry he shall be free from restraint, interference, coercion or reprisal. To be effective in his attempts to resolve problems before they reach the formal complaint stage, his responsibilities must be clearly spelled out and understood by everyone. He needs the support and cooperation of the EEO Officer and management officials at all levels.

c. The counselor shall not attempt in any way to restrain the aggrieved person from filing a complaint.

d. The counselor shall make recommendations to the EEO Officer, if the complaint cannot be resolved at a lower level, and the latter will consider these recommendations and alternate resolutions, if applicable, during precomplaint processing.

e. Insofar as is practicable, the counselor shall conduct a final interview to discuss resolution of the complaint within 21 days of the initial interview. If the aggrieved party is not satisfied, the EEO Counselor shall give him written documentation of the final interview and advise the aggrieved party of his right to file a complaint of discrimination. (See app. C.) The notice shall not bind the VA to accept a complaint which should otherwise be rejected. The counselor, when requested, shall assist the complainant in executing the formal complaint, preferably on CSC Form 894, Complaint of Discrimination in the Federal Government Because of Race, Color, Religion, Sex, or National Origin.

f. If the final interview is not conducted within 21 days and the aggrieved person is not satisfied, the counselor will advise him in writing of his right to file a formal complaint (see app. D).

5. FILING AND PRESENTATION OF FORMAL COMPLAINTS

a. The formal written complaint signed by the complainant may be submitted, in person or by mail, to the EEO Officer by the complainant or his representative after precomplaint processing. Complaints may also be submitted in like manner to the Administrator, the Director of EEO or the VA Federal Women's Program Coordinator.

b. If the complaint is not filed with the EEO Officer having responsibility for the organization in which the grievance arose, it will be promptly forwarded to him for processing. The EEO Officer will acknowledge receipt of each formal complaint in writing, advising the complainant of his administrative rights and of his right to file a civil action, including applicable time limits (see app. E).

c. A complaint shall be deemed filed on the date it is received, if personally delivered to an appropriate official, or on the date postmarked if mailed to an appropriate official. The EEO Officer will ascertain and document the date a complaint was received by the appropriate official.

d. Upon receipt of a complaint the EEO Officer will secure a written report (see app. F) from the EEO Counselor relating the efforts to resolve the matter. A copy of this report will be given the complainant [and one to his representative.] Copies of the formal complaint, counselor's report, [Notice of Right to File (see app. D) and/or Notice of Final Interview (see app. C), and Notice of Receipt of Discrimination Complaint (see app. E),] will be forwarded to the Director, EEO (05A1). The original of the complaint and counselor's report along with copies of notices will be placed in the complaint file which shall be maintained in accordance with CSC regulation 713.222.

e. The EEO Officer will make a preliminary timeliness review by determining if the complainant brought to the attention of the counselor the matter causing him to believe he had been discriminated against within 30 calender days of the date on which the matter occurred, or, if a personnel action, within 30 calender days of its effective date. He also will ascertain whether the complainant or his representative submitted the formal complaint after 21 days of counseling (when counseling exceeds 21 days) and/or within 15 days of final interview. [The preliminary review will also include a determination that the issues are sufficiently defined so that they may be investigated. If vague or general allegations cannot be made more specific by reference to the counselor's report, the EEO Officer should give the complainant an opportunity to clarify the allegations, and inform him that his failure to provide such specificity within a reasonable time may result in rejection of his complaint.]

6. REJECTION OR CANCELLATION OF COMPLAINT

a. The General Counsel makes the final agency decision to reject a complaint because it was untimely filed, is not within the purview of the discrimination complaint regulations, or presents indentical matters as contained in a previous complaint filed by the same complainant, [or lacks the required specificity;] or to cancel a complaint because of failure of the complainant to prosecute it. Where the EEO Officer believes a complaint should be rejected or canceled for one of the above reasons, he shall refer the complaint file to the Director, EEO [(05A1)], setting forth the reasons why the complaint should be rejected or canceled.

[b. The entire complaint, or a part of the complaint, as appropriate, may be rejected on any of the grounds discussed above. Where part only is rejected, the rest of the complaint will be processed.]

7. COMPLAINT WITHDRAWAL

The complainant may withdraw his complaint during any stage of processing prior to the issuance of a decision by the General Counsel. Although there is no prescribed format for a withdrawal, the EEO Officer will assure that the intent to withdraw is clearly expressed over the complainant's signature. The inclusion of reason(s) for withdrawal is desirable. The withdrawal must be forwarded to the Director, EEO [(05A1)] to close a complaint in this manner.

8. INDEPENDENT INVESTIGATION

a. EEO Investigators will be assigned to complaints by the Director, EEO, from a roster of employees who have been specially trained in equal employment opportunity investigative considerations. Assignment to cases will be documented by the issuance of a letter of authority from the Director, EEO, to the investigator [The EEO Investigator acts as an agent of the Director, EEO and, with respect to the investigation to which assigned, is not subject to direction from officials of the agency component where the complaint arose, or from persons who supervise his work while not serving as an investigator.]

b. The investigation should begin not more than 5 working days after appointment of an investigator. If time allows, a copy of the complaint and counseling report will be forwarded to the investigator for review at the investigator's assigned station. The investigation in each case shall include:

(1) A thorough review of the circumstances under which the alleged discrimination occurred, the treatment of other employees in the organizational segment in which the alleged discrimination occurred, and any policies and practices related to the work situation which may constitute, or appear to constitute, discrimination even though they have not been expressly cited by the complainant.

(2) A survey of the employment pattern in the organizational segment involved, listing all positions by title and grade, and the race, color, religion, national origin or sex of the incumbents as may be applicable.

c. Testimony from witnesses in support or rebuttal of allegations of discrimination will be taken under oath or affirmation (see app. G). The investigator's authority to administer the oath is automatic with the receipt of his written authority to conduct the investigation. He will need no other credentials.

d. The report of investigation will contain a narrative summary of the findings and the investigator's conclusions on each issue involved. All sworn statements, memorandums of interview, and copies of pertinent records will be attached as exhibits (see app. H).

e. Following completion of the investigative report, the investigator will transmit the original and two copies, including testimony and exhibits, to the EEO Officer of the complainant's station. He will also forward one complete copy, including testimony and exhibits, to the Director, EEO [(05A1)].

9. ADJUSTMENT OF COMPLAINT

The EEO Officer will give a complete copy of the report of investigation to the complainant [and a copy to the representative.] Subsequently, the findings will be discussed with the complainant and representative in an attempt to informally adjust the complaint. [Proceedings of this discussion will be documented by issuance of a proposed disposition statement which will state whether or not the EEO Officer concludes that discrimination existed, and specify clearly what actions, if any, the EEO Officer proposes to take.] The disposition statement also will outline the complainant's options for further processing if he does not agree with the proposed disposition (see app. I). These options include the right to a hearing and subsequent decision or a decision without a hearing. The complainant shall be allowed 15 days from receipt of this notice to notify the EEO Officer of his choice.

10. REFERRAL FOR DECISION ON BASIS OF INVESTIGATIVE REPORT

If the complainant notifies the EEO Officer of his wishes to have a decision on his complaint made on the basis of the investigative record and report, the official complaint file will be sent to the Director, EEO [(05A1)], for decision by the General Counsel in accordance with paragraph 13 below. The same action will be taken if the complaint is not withdrawn and the complainant does not reply to proposed disposition letter within 15 days.

11. HEARING

a. Upon receipt of a request for a hearing, the EEO Officer will request a Complaints Examiner from the Regional Director of the appropriate U.S.Civil Service Commission Regional Office. For cases arising in the Washington, D.C., metropolitan area, the request will be made to the Chief, Appeals Examining Office, U.S. Civil Service Commission, Washington, D.C. 20415. The official complaint file [and the name, title, address and telephone number (including ZIP and area code) of the individual designated as management's representative at the hearing] will be forwarded with this request. If further investigative development of the evidence is considered necessary by the Complaints Examiner, he may remand the complaint to the EEO Officer for further investigation, or arrange for the appearance of witnesses necessary to supply the needed information at a hearing.

[b. In selecting an individual to act as management's representative, the EEO Officer should not choose an employee associated with the issues of the particular complaint, nor one involved in its administrative processing. To maintain employee confidence in the integrity of the total EEO effort, designation of current EEO committee members, and EEO Counselors and Investigators should be avoided. As agency decisions on discrimination complaints are made by the VA General Counsel, personnel in the Office of Chiefs Attorney shall not act as representatives in EEO hearings.]

12. REFERRAL FOR DECISION ON BASIS OF HEARING

Upon receipt of the findings, analysis and recommendations of the Complaints Examiner, the Director, EEO, will forward all materials developed, including the transcript of the hearing, to the General Counsel, who will make the decision for the VA in accordance with the provisions of Civil Service regulation 713.221.

13. FINAL AGENCY DECISION

The decision of the General Counsel will be in writing and shall be transmitted to the complainant, his representative, and the EEO Officer concerned. The decision shall require any remedial action consistent with law determined to be necessary or desirable to resolve the issues of discrimination and to promote the policy of equal opportunity, whether or not discrimination is found. When discrimination is found, remedial action in accordance with Civil Service regulation 713.271 will be required. The appropriate disciplinary official shall determine whether disciplinary action is warranted against discriminatory officials and record the basis for such determination. Within 10 days of receipt of a General Counsel (or BAR) decision upholding a complaint of discrimination and/or directing corrective action, the EEO Officer shall forward to the Director, EEO [(05A1)], a report of (a) the disciplinary action determined to be warranted or a statement of reasons why disciplinary action is determined not to be warranted; and (b) the specific corrective actions taken or to be taken.

14. APPEAL RIGHTS

[The General Counsel's decision is final and no further appeal within the agency will be entertained.] The General Counsel shall advise the complainant of his right to appeal the VA's decision on his complaint (including the decision to reject or cancel) to the Civil Service Commission and the Federal District Court, and of the time limits within which he must file such appeal.

15. ALLEGATIONS OF COERCION OR REPRISAL

a. A complainant, his representative or a witness may file a complaint with the EEO Officer alleging restraint, interference, coercion, or reprisal in connection with the presentation of a complaint. Such complaint must be filed in writing within 15 days of the date of the alleged occurrence. The EEO Officer will promptly advise the Director, EEO [(05A1)] receipt of a complaint alleging restraint, interference, coercion or reprisal.

b. These complaints will be processed according to CSC regulations, section 713.262. Final agency decision will be made by the General Counsel. Where charges of restraint, interference, coercion or reprisal are sustained against an individual, the appropriate disciplinary official shall take disciplinary action. When disciplinary action is deemed inappropriate the official making this determination will document reasons. A report on disciplinary action or reasons such action is deemed inappropriate will be forwarded to Director, EEO [(05A1).]

[16. RESTRICTION ON DUAL PROCESSING

a. In all actions directly appealable to the Civil Service Commission (for example, reductions in force and certain adverse actions) in which discrimination is alleged, the appellant must take the election as to whether he wishes his case to be heard under the discrimination complaints procedure (pt. 713) or under the other applicable Civil Service Commission regulations. Upon notification from a Commission Appellate Office (having original jurisdiction) of receipt of a non-part 713 appeal, the EEO Officer shall determine whether the individual has contacted an EEO Counselor or filed a 713 complaint concerning the matter within VA. If he has, the EEO Officer shall notify the complainant:

(1) That he must elect, in writing, to pursue his complaint with VA under part 713 or with the Civil Service Commission under other applicable regulations. The procedures available to the complainant will be explained to him. A signed and dated copy of his election will be sent to the appropriate Office of the Civil Service Commission.

(2) Whether or not the EEO Officer has recommended or will recommend rejection of the 713 complaint for any of the reasons set forth in paragraph 6 above.

b. If the individual elects to proceed with the appeal to the Civil Service Commission and a 713 complaint already has been accepted for processing by VA, the EEO Officer will forward the election statement to the Director, EEO (05A1), so that the 713 complaint may be canceled. Thereafter, the VA will investigate the allegation of discrimination as directed by the Civil Service Commission, including an attempt for informal resolution of the discrimination issue upon completion of the investigation. If the attempt at informal resolution is successful, the EEO Officer will notify the Commission appellant office concerning the disposition. If the attempt at informal resolution is unsuccessful the EEO Officer will submit the investigative file to the Civil Service Commission which will reach a decision on the allegation of discrimination as a part of the appeal. A hearing and/or decision by the VA General Counsel will not be accorded.

c. If the appellant elects to proceed under part 713 the appellate office of the Civil Service Commission will be so notified so that the appeal filed with the Commission may be canceled, and the discrimination complaint, if otherwise acceptable, will proceed in normal fashion under the provisions of this chapter.

17. AGE COMPLAINTS

Complaints of discrimination because of age will be accepted only from persons who are at least 40 and not over 65 years of age at the time the alleged discriminatory act occurred. Age discrimination complaints will be processed in the same manner as outlined in paragraphs 4 through 16 of this section for other types of discrimination complaints. However, in notifying age discrimination complainants of their processing rights and options (apps. E and I, this chapter), references to the right to file action in U.S. district court will be deleted. *(NOTE: Subsequent issues of the Civil Service Commission will clarify the right of appeal to the courts.)*

18.] THIRD PARTY COMPLAINTS

a. General allegations of discrimination because of race, color, religion, sex or national origin made by an organization or other third party and unrelated to an individual complaint will be processed according to the provisions of this paragraph [and CSC regulation 713.251. Pursuant to subpart E, part 713 of the regulations, third party complaints of discrimination based on age will not be accepted.]

b. All third party complaints will be forwarded to the Director, EEO (05A1), where the official file will be maintained. Upon receipt, the complaint will be reviewed to determine whether sufficient information is provided for consideration. Additional information will be requested if necessary.

c. [Recognized labor organizations should be notified at the earliest practicable moment of the existence of such allegations where they could impact on personnel policies, practices or working conditions in their unit of recognition.

d.] The Director, EEO, will see that an appropriate inquiry is conducted. The complainant will receive copies of all materials considered when the decision is rendered. The complete file, including the decision and any corrective action taken, will be made available to the Civil Service Commission upon request.

[19. INVESTIGATOR'S TRAVEL COSTS

The head of the station having the EEO complaint requiring investigation will approve the travel expenses and prepare travel orders incident to the temporary travel of the investigator from his regular duty location.

[20.] HEARING COSTS

The Civil Service Commission Regional Office which furnishes a Complaints Examiner should be informed that the bill for reimbursement for the cost of the Complaints Examiner's services will be borne by the field station in which the complaint arose.

[21.] REPORTS

a. Within 10 calendar days after the close of each complaint, the Director, EEO, will forward a report to the commission as prescribed by regulations.

b. Within 15 calendar days of the close of each month, the Director, EEO, will forward a report on discrimination complaint processing, as prescribed by the CSC. RCS 05-12 is assigned this report.

c. Within 7 calendar days of the close of each month, each station will report on the EEO Counseling activities as prescribed by the Civil Service Commission, to the Director, EEO [(05A1).] Negative reports are required. The report for Central Office will be prepared by Central Office Personnel Service. The consolidated VA report will be forwarded to the commission within 15 calendar days of the end of the month. RCS 05-8 is assigned this report.

QUESTION 9. On page 3 of your written statement, you note that "recommendations have been made to fragment the VA" and that you will oppose any such initiatives. You further state that "the VA's health-care system...must remain separate".

A. What "recommendations...to fragment the VA" are you referring to and who made them?

B. (i) With respect to your statement regarding keeping the VA health-care system separate, are you referring here to suggestions that VA health care should be "mainstreamed"?

(ii) (If so) Please elaborate on your concerns in this regard.

(iii) (If not) Please describe what concerns you are addressing and your views on them?

ANSWER 9.

A. The statement in my testimony alluded to past proposals, some formal or published, others of a less than formal nature, which have at least one common basis. Among these recommendations have been those suggesting the transfer of VA education programs to the Department of Education; various proposals to bring VA health care, or aspects of it, under the jurisdiction of the then Department of Health, Education, and Welfare; the 1977 proposal of the National Academy of Science to phase VA health care into the community system of medical care; and recommendations for "mainstreaming" veteran health care.

B. "Mainstreaming" is but one specific example of the phenomenon to which I was referring. The VA has long stood as a unique Agency with the important mission of providing for the special needs of veterans, their dependents and survivors. Congress and the Nation have consistently reaffirmed their commitment to veterans and to the importance of sustaining an agency with that sole focus. Proposals which would fragment the VA or its functions have the potential to erode and compromise the benefits owed veterans, and, as such, I would strongly oppose them.

QUESTION 10. In response to prehearing question No. 5, regarding the need for a GI Bill cost-of-living increase, you indicated that you would, prior to taking any position, want to explore the matter with the Chief Benefits Director and other Administration officials.

A. Do you plan to explore this matter, and when can the Committee expect a reply?

B. In exploring the need for an increase please keep in mind and comment on what Ronald Reagan said at the 1980 VFW annual convention: That it was "the height of hypocrisy for the [Carter] Administration ... to repeatedly tell us how much we owe our Vietnam veterans and, then, only in an election year, to recommend a stingy 10-percent increase in GI Bill benefits when there had been no increase since 1977 and the Congressional Budget Office has stated they ... need a 30-percent increase to catch up."

ANSWER 10.

As noted in my response to prehearing question No. 5, I do intend to explore the question of increased educational benefits with the Chief Benefits Director and other Administration officials. Although this issue will be given early and thorough consideration, due to the complexities of this issue, I do not believe that I should commit myself to any specific date for reaching any conclusive decisions on this issue. You may be assured that I will inform the Committee when I believe appropriate action is necessary.

QUESTION 11: In prehearing question no. 13, you indicated that the VA recently advised Congress of its views on the September 23, 1982, GAO report, entitled "Actions Needed to Insure that Female Veterans Have Equal Access to VA Benefits" (GAO/HRD 82-98), and that in this response VA reported that it had already undertaken a significant number of activities designed to insure that female veterans have access to veterans' health benefits. Among such activities described in a November 30 letter to me from Administrator Nimmo was an 18-month process of collecting and analyzing data from all VA medical centers on how services to female veterans are being provided at these facilities. The purpose of such a survey was to prepare and issue a DM&S circular designed to improve access to such care. I find it difficult to believe that 18 months would be necessary to complete this process, particularly since the GAO report already points out many of the problems involved in providing services to female veterans.

A. Do you believe such a process is truly necessary in order to implement the GAO's recommendations?

B. (If so) Could not this be done in far less than 18 months?

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

NOVEMBER 30 1982

Honorable Alan Cranston
Committee on Veterans' Affairs
United States Senate
Washington, DC 20510

Dear Senator Cranston:

These are my comments, as sent to the Chairman, Senate Committee on Veterans' Affairs, on the September 23, 1982 General Accounting Office (GAO) report "Actions Needed to Insure that Female Veterans Have Equal Access to VA Benefits," GAO/HRD-82-98. This report discusses the Veterans Administration's (VA) efforts to meet the needs of female veterans.

The VA's position remains unchanged from that stated in my September 3, 1982 response to the draft report, printed on pages 22-24 in this letter report. We have made progress in implementing some of the recommendations; a description of actions taken follows:

GAO recommends that I, through the Chief Medical Director:

--Improve female veterans' access to outpatient gynecological care and other care not available to VA facilities by (1) negotiating sharing agreements with DoD or other Federal hospitals, (2) contracting with private gynecologists, or (3) developing in-house capability.

--Instruct VA medical facilities to identify all treatment programs that cannot accept female patients and develop alternative ways to provide the care, such as sharing agreements or increased use of the inpatient fee-basis program.

VA policy has long provided for obtaining services on a fee basis or by sharing agreements if VA medical centers determine that available staff or consultants cannot render necessary services. To reemphasize this policy, a January 28, 1981 Information Letter was issued to remind all medical centers and outpatient clinics that they should identify the special needs of female veterans. The letter also suggested some methods of insuring that female patients receive quality services.

A newly developed questionnaire will be used to collect data on how services to female veterans are being provided at all VA medical facilities. When the collected data have been analyzed, a circular will be prepared to identify the treatment programs within the Department of Medicine and Surgery which are unable to accept female patients. The circular will also instruct facilities to improve care of female gender-related conditions either by negotiating sharing agreements, contracting, or developing in-house capability. These planned activities should be completed within 18 months.

--Revise privacy standards and insure that future construction or renovation projects correct privacy limitations that limit women's access to VA facilities and treatment.

The new construction space planning criteria, which include allowable deviations for modernization projects, provide adequate privacy for female veterans (up to 60 percent one/two bedrooms with private/connecting baths). Guidelines and instructions for interim construction will be revised to highlight and encourage increased sensitivity to the special facility needs of female veterans. We expect this recommendation to be fully implemented by September 30, 1983.

--Develop projections on the numbers of service-connected and nonservice-connected female veterans expected to seek care from VA and use such data in planning future construction and renovation projects.

The Office of Reports and Statistics will obtain from the Bureau of the Census and/or from other sources information needed to develop projections of the female veteran population expected to seek care from the VA. These projections, plus data developed by each medical district, will be used by the Chief Medical Director in future planning.

GAO also recommends that I, through the Chief Benefits Director,

--expand outreach efforts to include veterans' organizations with predominantly female memberships.

Plans developed to implement this recommendation include (1) encouraging Veterans Service Officers (VSO) to identify and maintain rosters of veterans' organizations with predominantly female members and maintain liaison with their primary contacts in these organizations, (2) informing VSO's of this new responsibility and directing that expanded information on all VA benefits be provided to the leaders and members of these organizations, and (3) establishing or changing policy covering outreach to female veterans.

I believe our planned actions will help insure that female veterans have full access to all benefits to which they are entitled.

Sincerely,

Everett Alvarez Jr. Deputy Administrator • For

ROBERT P. NIMMO
Administrator

ANSWER 11.

As I stated previously, the issue of female veterans is extremely important to the Administration. I plan to delve into that issue early on and take those actions necessary to insure appropriate medical care for our female veterans. Dr. Custis has indicated the need for such a survey and I support him in its completion. I have not, but will discuss with Dr. Custis the 18 month timeframe with a view toward speeding it up.

QUESTION 12. In a November 30 letter from the Office of the Administrator, the Committee was informed that three VA health-care reports that were due to be submitted to appropriate committees of the Congress by December 1, 1982, would be delayed for up to 45 days. This delay is most regrettable.

A. I urge that you establish a policy that, as a general rule, reports to be submitted to the Congress by a specified date be completed within the VA in a timely fashion so that they can receive necessary Executive Branch clearance and reach Congress by the specified date. Would you please comment?

B. Because the findings of each of these reports will likely be valuable to the Congress in considering the agency's FY 1984 budget, I urge that you take steps to ensure that each of these reports is received by January 15. Will you please give this matter your immediate attention and provide a timetable for the record of this hearing setting forth the date each report will be submitted to OMB for clearance and the date on which you anticipate each report will be transmitted to the Congress?

ANSWER 12.

I am aware of your concerns regarding the timely submission to Congress of Agency reports and I will look into the problems associated with the three reports that you mention. I also plan on establishing a process to monitor requested reports. Further, I intend to notify the Department heads and staff offices of the need to be timely with the submission of Congressionally mandated reports by the VA.

QUESTION 13. You indicated in response to prehearing question No. 10 that it was too early for you to determine if additional staff and resources will be needed to maintain an adequate debt-collection program. Would you please review the situation and report back to us by February 1 on the adequacy of the VA's resources in this area?

ANSWER 13.

You may be assured of my interest in this area. In the near future, I plan to have a more detailed briefing regarding the Agency's debt collection program and efforts in this regard. After I do that, and additional discussions are made regarding the overall budget, I will respond to you as requested.

QUESTION 14. Proposals have been made to reduce the compensation payments of veterans whose service-connected disabilities are rated 100 percent on the grounds of individual unemployability, to deny compensation to those less than 30 percent disabled, and to eliminate dependency allowances to veterans rated 30- and 40-percent disabled. Do you support any of these proposals?

ANSWER 14.

As I mentioned previously, I will work to insure our veterans receive quality medical treatment and adequate compensation under the law. I am not fully briefed on these proposals you mentioned, but will be certainly doing so.

QUESTION 15. Last year, the current Administration proposed reducing nearly all of the VA's 58 Regional Offices to little more than contact offices and replacing them with three regional centers. This proposal raised very serious concerns regarding its impact on the ability of veterans and their representatives to pursue claims for VA benefits and the VA's ability to provide services effectively. Moreover, it was clear to both the House and Senate Committees on Veterans' Affairs that the costs of accomplishing such reorganization would exceed any short-term savings and both Committees rejected the proposal. What are your views on such a proposal, especially in terms of any short-term budget savings that might result from such a reorganization?

ANSWER 15.

We have no immediate plans for centralization of our Regional Office activities. The Chief Benefits Director's Advisory Committee is reviewing a number of matters concerning the Department of Veterans Benefits; this includes a review of the present structure for the delivery of veterans benefits. The Committee review is expected to be completed by late spring. I will be pleased to share the findings and recommendation of the Chief Benefits Director and the Committee at that time. We are not aware that any short term budget savings are realized in any centralization of our DVB activities; rather, we would incur costs both in terms of dollars and in terms of the experienced employees across the country who would leave the Agency rather than move to a centralized Regional Office location.

QUESTION 16. In response to prehearing question no. 7, regarding the relocation of the Office of Construction, you stated that "no final decisions have been made to date".

A. Does that mean that previous decisions regarding the move have been withdrawn and that the entire matter is being reconsidered?

B. I want to emphasize that I am not pressing for a final decision right now on any alternative course of action. However, can you give me a date by which a decision will be forthcoming?

ANSWER 16.

A. Following receipt of additional information, the decision initially reached by Administrator Nimmo is now under review. Although this decision has not been altered, I feel it appropriate to pursue all reasonable alternatives in an effort to improve operational efficiency, employee morale, and avoid unnecessary costs.

B. A move will not take place until I am satisfied that all relevant issues have been raised, and all potential problems have been addressed.

QUESTION 17. Do you believe that any consideration should be given to modifying the provision of law that guarantees pension recipients annual cost-of-living increases at the same time and at the same percentage as the Social Security COLA's?

ANSWER 17.

I am aware that the veterans pension COLA is indexed to the social security COLA pursuant to section 3112 of title 38, United States Code. Accordingly, any modification of that provision could only occur as a result of Congressional action. I am also aware that the subject of COLA's in Federal benefit programs has and will continue to receive extensive consideration in both our branches of Government. I will work to insure veterans COLA's receive appropriate consideration.

QUESTION 18. In your response to pre-hearing question number 2 regarding the G.A.O. report on the V.A.'s Agent Orange examination program, you indicated that you would like to give much more consideration to the whole Agent Orange issue before commenting in detail.

When do you expect to be able to provide answers to these pre-hearing questions?

ANSWER 18.

As indicated in my response to your pre-hearing question, I believe that it would be very unwise and insensitive of me to make uninformed responses to questions that are as important as those that surround the Agent Orange controversy. I am sure that you will agree that a mature and thoughtful answer requires that I become more versed in the details as well as in the overall program areas. For this reason, I am unable to give you a specific date, but I assure you that I will provide you with such responses as soon as possible.

QUESTION 19. A number of Vietnam veterans who are concerned about post-traumatic stress disorder -- P.T.S.D. -- have suggested that the V.A.'s approach to this problem, at both the local and central office levels, varies greatly depending on whether the veteran is seeking medical care or compensation. In numerous instances, veterans have reported receiving from hospital staff sympathetic consideration and treatment of P.T.S.D. as a service-connected disability but having their claims for service-connected disability compensation for P.T.S.D. denied by Claims Adjudicators. Although the Department of Medicine and Surgery and the Department of Veterans' Benefits do have different missions, I am concerned that the current perceived differences in approach may reflect a lack of proper coordination and cooperation between the two departments.

Would you personally look into the current state of cooperation between D.M.&S. and D.V.B. as to this disability and give us your views on how the relationship could be strengthened so as to promote a more unified approach?

ANSWER 19.

Yes, I will personally look into the current state of cooperation between the two departments. Should I find difficulties I will take appropriate action.

QUESTION 20. Previous Administrators have met on a regular basis with the Veterans' Service Organizations for what was generally agreed to be mutually beneficial exchanges of information. Mr. Nimmo held such meetings on a monthly basis. Do you intend to continue this practice of regular meetings with the Veterans' Service Organizations, and, if so, how frequently?

ANSWER 20.

Yes, I do intend to meet on a periodic basis with the veterans organizations. I will discuss this subject with the organizations to determine the most appropriate timing. I believe their input is important and it is vital that, as Administrator, I know those problems that are being experienced on not only the national level but also on the post, chapter and barracks level.

QUESTION 21. I know that, you, as a manager, both in and out of Government, are aware of the value of the knowledge and experience which operating heads and career employees can offer to those with overall responsibility for an organization's performance.

A. How do you intend to involve the heads of V.A. Departments, such as Dr. Custis and Ms. Starbuck, in the process of decision-making regarding matters affecting their departments?

B. How do you foresee involving other senior career employees -- such as Medical Center and Regional Office Directors -- in your day-to-day activities as Administrator?

ANSWER 21.

I see Dr. Custis, Ms. Starbuck and Mr. Bannai as being my three line managers, each responsible for major programs. As their programs go, so goes the VA. Therefore, I must work extremely closely with them and insure the staff provides them with the necessary support they need to succeed.

While I will obviously meet with and learn from their subordinates, I intend to work principally through the three line managers.

QUESTION 22. You were also quoted in the Watertown Daily Times Article as saying that President Reagan's intentions toward veterans had been "misinterpreted" and "distorted".

A. Is that an accurate quote?

B. What specific intentions were you referring to and how and by whom had they been misinterpreted and distorted?

ANSWER 22.

My intent in the interview you mentioned was to convey my personal belief that the President is truly committed to our veterans. I have met with the President and I can assure you that the President is committed to honoring this Nation's obligation to its veterans.

QUESTION 23. In a recent interview with the Associated Press, your predecessor was reported as saying "our ability to rehabilitate people and get them back into employable status has changed enormously and yet we're paying out millions of dollars in continuing disability payments for such things as sinusitis, hemorrhoids, and hysterectomies that are not disabling."

What are your reactions to this criticism of the V.A.'s service-connected disability compensation program?

ANSWER 23.

I believe that a disability incurred by an individual in service to this Country has, and should be, properly recognized and compensation provided. I fully intend to insure that our commitment to the disabled veteran is met and that the integrity of the compensation system is preserved.

QUESTION 24. In an Associated Press story published in the New York Times on January 11, Administrator Bob Nimmo suggested, as a means of dealing with budget constraints and the rapidly increasing older veteran population, that consideration be given to reducing the V.A. health-care eligibility of veterans over age 65. He has been reported to have suggested that in many other interviews with the press.

As the Senate author of the current-law provision relating to health-care eligibility of veterans age 65 and over, I know that in 1970, when that provision was enacted, the information then available showed that virtually all veterans age 65 and over were eligible for medicare and that it was more cost-effective for the Government to provide them with needed health care in V.A. hospitals than to pay for their care under medicare. I believe that it is essential that, in the consideration of any revision of that eligibility provision, the costs to the Federal Government under the medicare and medicaid programs and other Federally-assisted health programs that would result from a reduction in V.A. eligibility must be taken fully into account.

A. Are you giving consideration to any reduction in the health-care eligibility of veterans over 65 years of age?

B. [If so] Do you plan to submit legislation for this purpose either this year or next?

C. Do you agree that any such proposal must take fully into account the additional costs to the Federal Government in other-than-V.A. programs that any reduction in V.A. eligibility would entail?

ANSWER 24.

At the present time, I neither have plans for nor am I considering proposing legislation to reduce the medical care eligibility of veterans over the age of 65. Any proposal of this nature would, of course, be subject to Congressional review, and would be enacted only when and if Congress determined it to be in the national interest.

I believe that any legislative proposal should take into consideration, to the extent possible, all issues and matters having a bearing on the proposal.

QUESTION 25 A. With respect to your response to Question Number 6, regarding your responsibilities under Section 220 of title 38, and your commitment to affirmatively undertake to be alert to and involved in the formulation of all Federal Government policy that affects veterans, are you otherwise aware of the plans of the General Services Administration to contract out more than 13,000 positions -- many of which are building maintenance and security jobs that are reserved for veterans under Section 3310 of Title 5?

B. Will you seek to be actively involved in this issue and to work with the Office of Personnel Management and the General Services Administration, as well as with the Office of Management and Budget, in formulating this Government policy?

C. I think it would be helpful to the Committee and to others if you were to undertake, under the Section 220 authority, a Government-wide review of the potential effects of O.M.B. Circular A-76 in terms of its impact on those veterans who are Federal employees, especially those who have received appointments under the Veterans' Readjustment Appointment Authority in title 38 and the Special Excepted Appointment Authority for service-connected seriously disabled veterans and those who are in jobs reserved for veterans under Section 3310 of title 5.

i. Would you undertake such a review and report back to the Committee on it?

ii. Please let us know in a few days when you will be able to give us a report.

ANSWER 25.

A. I have only recently become aware of the proposal under consideration by GSA to contract out some 13,000 positions, including building maintenance and security jobs now reserved, under 5 U.S.C. § 3310, for veterans if they are available for the jobs. I am also aware of the proposed amendment to the Treasury, Postal and General Government Appropriation Bill for FY 83 (H.R. 7158) which would prohibit the use of the appropriation for contracting out these positions.

B. I intend, consistent with section 220, to seek the maximum feasible coordination with the other departments and agencies with respect to all programs and activities affecting veterans and their dependents.

C. It appears that the review would be a massive undertaking. I intend to look into the proposal you have raised as well as some alternatives in my efforts to assist veterans in obtaining and maintaining employment.

RESPONSE OF HARRY N. WALTERS, NOMINEE FOR ADMINISTRATOR OF VETERANS' AFFAIRS, TO A WRITTEN QUESTION SUBMITTED BY HON. GEORGE J. MITCHELL, A U.S. SENATOR FROM THE STATE OF MAINE

QUESTION. Mr. Walters, as you may know, the Housing and Urban Development--Independent Agencies bill, signed into law by the President on September 30, contains $30 million for the veterans readjustment counseling program. Of this amount, $11.2 million is to be spent for fee-for-service counseling in areas not directly served by a veterans outreach center.

Maine currently has two veterans outreach centers: One located in Portland, the other in Bangor. Both of these centers have established fee-for-service counseling in areas which they do not and cannot directly serve.

I understand that Maine is slated to receive $57,000 for the entire fiscal year for the fee-for-service program. In the relatively short time since the fee-for-service program began, it has become apparent, at least in Maine, that the demand for counseling has far outstripped the projected ability of the VA to pay for these important services.

I understand that the formula the VA is using to distribute the $11.2 million in fee-for-service money is based on the number of Vietnam era veterans living in a particular State. While this may appear to be an equitable way in which to distribute these moneys, some States have not even implemented--nor do they have plans to implement--a fee-for-service program. On the other hand, other States such as Maine, have demonstrated both a demand for these services, as well as an ability to meet that demand. Given this disparity, I would be interested to know if you would consider disbursing fee-for-service moneys based on demonstrated need rather than simply on the number of veterans living in a particular State. I believe this would be a more appropriate way in which to spend this money, and would be more in line with the intent of Congress in appropriating the fee-for-service program.

ANSWER. I believe there is merit to your suggestion that funds be allocated on a "demonstrated need" basis in addition to other criteria. I understand that some reallocation of funds on a needs basis is planned for the future. However, there is currently not enough information on where needs are greatest to reallocate these funds. As Administrator, I will certainly make every effort to meet the readjustment needs of Vietnam era veterans.